

CURRENT HISTORY

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CANADA

Canada's Role in North America	Charles F. Doran	401
Canada in the Post-Cold War World	Joseph T. Jockel	405
Canada's Constitutional Crisis	Kenneth McRoberts	411
Canadian Society: Trouble in Paradise	Mildred A. Schwartz	417
Canada's Health-Care System: A Model for the United States?	Theodore R. Marmor	422
Making the Transition to Free Trade	Peter Morici	428
Canada and the United States: The Great Divide	Seymour Martin Lipset	432
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Book Reviews	On Canada	438
The Month in Review	Country by Country, Day by Day	439
Index	January-December 1991, Volume 90	445



CURRENT HISTORY

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EDITOR'S NOTE:

Media attention has focused on the sometimes bloody disputes that have broken out between nationalities in Europe and Asia, yet an ethnic dispute of potentially greater proportions has reemerged in Canada. The country's two nations—French and English Canada—have failed and continue to fail to agree on Quebec's status in the Canadian confederation. The dispute has riven the country, and the division is becoming wider, with little hope for reconciliation.

This issue looks at the subject from various points of view: its effect on relations with the United States and Canada's role in the emerging new world order, and on domestic politics and society. The issue also examines Canada's national health-care system in light of recent debate in the United States about adopting nationalized health care. Theodore Marmor argues that Canada's system works well, and that similarities between the two countries make the Canadian model an ideal candidate for adoption in the United States. But in his discussion of Canadian and American cultures, Seymour Martin Lipset finds that similarities between Canadians and Americans are few when attitudes among the two peoples about government and economic activity, respect for law, and individualism are compared.

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Having signed a free-trade pact with one another in 1989, the United States and Canada are each engaged in negotiating similar agreements with Mexico. The completion of these talks will create an unprecedented North American free-trade zone, with political and economic risks for all parties. But, as Charles Doran notes, "All three governments believe. . . that the net benefits of an enlarged free-trade area. . . offset the political risks."

Canada's Role in North America

BY CHARLES F. DORAN

The countries of North America are engaged in a bold effort to create a single free-trade zone. While Canada and the United States completed a free-trade agreement in 1989, both nations must now work toward forging a pact that will admit another country with wage rates one-seventh theirs, and a population size equivalent to one-third of theirs, into a trade area on equal political and economic footing. No other advanced industrial nations have yet contemplated such an action.

It is not altruism, however, that motivates the United States and Canada to form a free-trade zone with Mexico, but mutual self-interest. All three governments want an economic pact that will allow them to prepare for the twenty-first century. To achieve it, they must be ready to take political and economic risks.

These risks vary for each country. Canada is embarking on yet another international trade venture, having barely digested the first with the United States while facing the potential decentralization of its own polity. Mexico must lay to rest generations of distrust of its North American neighbors and the remnants of an autarkic economic policy. The United States must consider the implications of the possible movement southward by some American manufacturers. All three governments

believe, however, that the net benefits of an enlarged free-trade area—enhanced income, increased productivity, more and higher quality jobs, and the ability to compete more effectively on world markets—offset the political risks.

North American industry has told the continent's governments that it must expand the marketplace, improve productivity, save more, and hold down wage and salary increases to internationally competitive levels, or else it will move outside North America to Asia or Europe, where there is a higher probability of institutional survival. The creation of the North American Free-Trade Area is a wager to keep industry in North America and to keep the continent competitive.

HOLDING CANADA TOGETHER

The moves toward economic unity are overshadowed by potential disunity in Canada. On at least four occasions since the beginning of the nineteenth century, nationalists in Quebec have sought to assert the province's autonomy. The most recent expression came on the heels of the "Quiet Revolution" that swept the province in the 1960s, transforming it from a rural, clerical, conservative society to a modern, urban, secular, and liberal one. Separatist sentiments have been brought to the surface again by the successful conclusion of the United States–Canada free-trade agreement, and the collapse of the Meech Lake talks on federal-provincial relations in 1990.

The free-trade agreement provided assurance that if Quebec broke away, its own access to the United States market, including the sale of electricity to the northeastern United States, would not be jeopardized. Jacques

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Parizeau, leader of the Parti Québécois (PQ), made this clear in a speech at Johns Hopkins University in April 1990. He told his audience that the free-trade agreement ought to apply to all of Canada even if (or "when," as Parizeau put it) Quebec were to separate; an autonomous Quebec would abide by all treaties signed between Canada and the United States, including those concerning the North Atlantic Treaty Organization (NATO) and the North American Aerospace Defense Command (NORAD). Dealing with each of thousands of treaties, including transportation and postal treaties, he noted, would amount to pointless drudgery. Both the substantive and the oblique messages came through.

The 1987 Meech Lake Accord was designed to give Quebec the terms a majority of Québécois believed they needed to participate in federation. The accord included a new formula for amending the constitution and the addition of a Charter of Rights and Freedoms. Most significantly, Quebec was to be acknowledged as a "distinct society" of some 6 million francophones. The Meech Lake agreement recognized that francophone Canadians were one of Canada's two "founding peoples."

Prevailing interpretation suggests that the Meech Lake consensus broke down over niceties of constitutional law. But the hardening of opinion in English Canada against the provisions introduced at Meech Lake reveals another set of concerns.

Newfoundland, New Brunswick, and Manitoba, the three provinces that ultimately had the most serious problems with the accord, are also among Canada's poorest. For them, Quebec represented a new threat to economic equality in Canada. Quebec was not opposed because of the province's restrictive language legislation—as is often supposed inside Quebec—but because it was now rich, and was perceived as still receiving preferential treatment over more needy areas, and demanding even more.

FOUR PATHS TO RESOLUTION

At least four paths exist to end the dispute between Quebec and Ottawa: change at the margin; total sovereignty for Quebec; sovereignty plus economic association with Canada and/or the United States; and looser confederation. While the outlines of the options are not precise, the essence of each is unambiguous.

Change at the margin reflects the reality that English Canada cannot yield much more to Quebec. The constitutional amendment formula could receive several nudges, the Charter of Rights and Freedoms could accommodate some of the claims of women's groups and native peoples, the "distinct society" clause could become the "two founding peoples" clause or something similar, but the integrity of Meech Lake would be respected and reaffirmed. Such juggling requires goodwill, nerve, energy, and most of all imagination. All these are in too short supply today in Ottawa and Quebec City.

Leading US Trade Partners

(in billions of US dollars)

	Trade Turnover	Exports	Imports
Canada	\$ 175.3	\$ 83.9	\$ 91.4
Japan	138.3	48.6	89.7
Mexico	58.6	28.4	30.2
West Germany	47.0	18.8	28.2
Britain	43.8	23.5	20.3
Taiwan	34.2	11.5	22.7
South Korea	32.9	14.4	18.5
France	26.8	13.7	13.1

Data are for 1990.

Source: Bureau of Statistics, US Department of Commerce.

Total sovereignty has three attributes. First, it means an independent foreign policy. Second, it implies an autonomous national defense. Third, it requires an indigenous currency and central bank. If all else fails, and Quebec senses that it has been repulsed once again, total sovereignty looms. But few in English Canada see total sovereignty for Quebec as the most likely outcome. And few in Quebec count total sovereignty as their first objective; it is the outcome to settle for when all else fails.

An independent foreign policy would give Quebec wide latitude to pursue its interests, but it would find an autonomous defense policy burdensome. A separate currency holds no thrill. Nor does a central bank in a small country imply economic security—security that most residents of Quebec consider a fundamental goal. Total sovereignty is everyone's choice solely by default.

Sovereignty with association, however, currently has the support of an estimated two-thirds of the Quebec electorate. It was the old slogan of the Parti Québécois. Once defeated in referendum in 1980, its new life today is a surprising turnabout. In 1980 the people of Quebec were worried about survival. Eleven years later they are for the most part convinced that cultural and economic survival are assured. They are comforted by the rise of a new French entrepreneurial class, by the robustness and diversity of Quebec's economy, and by the access they think is guaranteed to the English-Canadian and American economies. The Québécois thus believe that they already have association. All that is still required is sovereignty, or partial sovereignty, without an independent currency, central bank, or defense policy.

Looser confederation is the glint in the eye of every academic theorist of federalism. And every theorist has

his or her own favorite variant of confederation. But they all share a dilemma. As John Meisal of Queen's University put it years ago, in a united community, decentralization of political authority is possible; in a fragmented community, centralization of authority is essential.

The sticking point in all proposals for a genuine loosening of confederation is that Quebec is only one-fourth the size of the rest of Canada, so it cannot be treated on proportionate electoral footing. But to treat the province as a special though unequal case is to invite each of the other large provinces to demand the same preference. If each province demands greater autonomy, the authority of the federal government is diluted. Ottawa will quickly find that it governs in name only. The provinces will soon find that they have fewer commonalities than differences, and no one to mediate among them effectively. Looser confederation contains a huge and insurmountable political contradiction.

THE LIBERAL PARTY'S STRATEGY

When Quebec's premier, Robert Bourassa, appointed the Belanger-Campeau Commission to decide how Quebec should reply to the failed Meech Lake Accord, he meticulously balanced the Liberal party representation so that all voices and perspectives could be heard. It was even said that, because of the diversity of its members' views, he hoped the commission would never arrive at a decision. But not only did the Liberal party reach a consensus, it found one that was bound to upset English Canada. The Liberal party consensus stole the electoral ground from under the feet of the Parti Québécois. Quebec sovereignty of one form or another became the Liberal party campaign platform.

One can wonder whether the debate in Quebec over its economic future has gone far enough. Survival is not the issue. Of course Quebec can survive economically. The questions still to be debated concern the reaction of foreign and domestic capital to its independence. Investment in resource industries is likely to continue unabated. But what of the industries that compete against imports, and which must now contemplate serving a more restricted primary market? What of the export industries that may instead choose the larger and safer locales of English Canada or the United States? Can an independent Quebec compete for such capital without employing an industrial policy of government assistance that would rile Washington and contravene the rules of the free-trade agreement? Have the economic opportunity costs of independence been fully evaluated?

The Québec Liberal party strategy may spell the beginning of the end for Canada because English Canada is neither emotionally nor politically able to

reply to an assertive Quebec. Quebec wants to speak only to Ottawa. Apart from the constitutional implications of such a procedure, the other provinces do not trust Ottawa to represent them collectively with regard to Quebec. The bitter truth for English Canada is that if it was unable or unwilling to accept the comparatively milder terms of Meech Lake, how could it react positively to or bargain satisfactorily about the larger and tougher demands of "A Time to Choose," the Liberal party report on Quebec sovereignty? Canadian unity may finally run aground on the shoals of Quebec party politics. Yet Canadians have a way of postponing problems rather than confronting them precipitously. They may do so once again.

ONE ENVIRONMENT, TWO POLICIES

Canada has long declared that acid rain is its number one grievance with the United States. The recent bilateral treaty on acid rain, which was preceded by important domestic legislation in the United States on the same topic, should assuage that concern. The economics and politics of this issue, as well as the environmental implications, provide a textbook illustration of United States-Canadian relations.

The depth of Canadian anxiety is easy to understand. Half the acid rain that falls on Canada is said to come from the United States. One-quarter of the acid rain dropped on the New England states comes from Canada. From another perspective, however, some Canadian anxiety about acid rain may be misplaced. A 28-volume, \$500-million research project on acid rain conducted by Canadian and American scientists found "almost no damage from acid rain to crops or forests and only very weak causal connections to acidity in lakes, most of which were acidic in preindustrial times."¹ Still the United States Congress, under heavy domestic pressure, voted in May 1990 for a \$7-billion-a-year program to help reduce acid rain.

But it is questionable how much acid rain will be reduced and how much crop and timber yields and water quality will improve. Benefits cannot be measured only in terms of these direct results, but must be compared with benefits that could be obtained elsewhere in the North American environment. For example, \$7 billion a year could purchase substantial improvements in sewage treatment or containment of toxic waste and mining runoff. Yet environmentalists and taxpayers have struck a bargain on acid rain reduction—a bargain that also represents a victory for United States-Canadian relations.

In the effectiveness of their environmental programs, the United States and Canada rank first and second respectively among the Organization for Economic Cooperation and Development (OECD) countries. While others, like Germany, may be catching up in terms of the stringency of their controls, the United States and Canada are still the leaders, in part because

¹*Science and the Future Yearbook* (Chicago, Ill.: Encyclopedia Britannica, 1992), p. 344.

of their reciprocal pushing and shoving that drives forward the overall environmental agenda.

IMPLICATIONS FOR UNITED STATES POLICY

What do the prospects of another regional free-trade treaty, the discussions in Canada regarding Canadian unity, and the environmental agreements reached by Ottawa and Washington mean in the context of world politics in the late twentieth century?

While several of these developments have an indigenous Canadian or at least North American origin, their pace and impact have been powerfully affected by the larger global setting. It is not likely that the United States and Canada would be contemplating a trade agreement with Mexico if three nonregional developments had not occurred: the difficulties surrounding the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) discussions in Geneva; the likelihood that a much more inward-looking Europe will emerge as a result of far-reaching détente and of a new set of European institutions after 1992; and intensified economic competition from Japan and the newly industrializing countries. Regional free trade looks more like a response to these non-North American influences, or at least like a bargaining tool to modify or reorient these forces to make them less threatening, than like a set of home-grown initiatives.

Less dependent on the United States for security in the aftermath of détente and the changes in the Soviet Union, the Europeans are likely to take the United States less seriously in its global free trade overtures. But with the prospect of a North American free-trade relationship that is as large, rich, and potentially dynamic as that of Europe itself, global free-trade considerations look equally compelling for the United States and for Europe. Canada understands this message equally well.

Fragmentation in the Soviet Union and the possible breakup of Yugoslavia have implications for Canada and thus for the United States. The people of Quebec, even those who are strong nationalists, see in those situations what they do not want: bloodshed. Hence their virtually unanimous agreement that the procedures regarding decentralization or secession must follow democratic lines. However, Quebec nationalists cannot help being influenced by the trend toward national autonomy in the Soviet Union and Eastern Europe, even though the political context is entirely different from that of North America. The aroma of nationalism is in the air.

For the United States, the prospect of a larger North American market appeals to the American sense of largeness and competitiveness. But the tendency in Canada toward greater decentralization, if not disunity, moves in exactly the opposite direction. Moreover, one set of

forces impinges on the other in complex ways. PQ leader Parizeau can claim that the United States–Canada free-trade agreement promises “association” after “sovereignty” if Quebec becomes independent. Thus movement toward a larger North America in trade terms has actually led to the prospect of a more politically fragmented North America.

In neither economic nor political terms is North America able to lock out the world. As the pace of structural change quickens throughout the world system, it tends to have an unanticipated impact on Canada and therefore on the United States. As the nature of the external threat changes, the idea of North American defense takes on new meaning. Canada's disagreement with its allies, Britain and the United States, over submarine transit of the Arctic, for example, becomes more likely than disagreement with a Soviet Union beset with its own internal political problems. The lack of an external threat leads allies to bicker more among themselves.

FOUR PRINCIPLES

How should the United States respond to the internal Canadian debate over unity? First, it should reaffirm its preference that Canada remain strong and united. A united Canada has been a good and prosperous neighbor. It has fought alongside the United States in two world wars, and it has been a full trading partner in the global enterprise. No conceivable argument against Canadian unity can modify America's preferred vision of a Canada united and strong.

Second, insofar as Canada decides its own fate by democratic means, the United States can and will accept the outcome, including the development of a separate and sovereign Quebec. Quebec is a stable and responsible society that has always understood cooperation with its neighbor to the south. Greater sovereignty will not reduce Quebec's esteem for the United States. Under such circumstances, English Canada will draw in its breath and begin a new round of internal discussion and reflection. The United States should do everything it can to make that discussion as anxiety-free as possible.

Third, the United States should eschew all intervention in Canada's internal affairs. Intervention would be counterproductive in any case since it would likely have the opposite of the anticipated consequences. In the past, Canadians and Americans have often responded to each other in that paradoxical fashion.

Fourth, the good offices of the United States should be available at any time to all parties to the Canadian dialogue. If the United States can provide succor, it should not be withheld, but the provision should come only at the request of the affected groups themselves. Advice is probably best kept at home. ■

"The post-cold war world could be well served by an active Canada committed to the construction of a new international 'architecture.' . . . Canada's willingness and ability to play such a long-term role are not in doubt. But. . . it will first have to overcome the formidable challenges at home. Sadly, it is easy at the end of 1991 to wonder if it will be able to do so."

Canada in the Post-Cold War World

BY JOSEPH T. JOCKEL

The cold war was the last of the twentieth century's three great civil wars among the industrialized countries in the northern hemisphere. Canada took part in all three conflicts, and emerged on the winning side in each. In the peace after the first two—World War I and World War II—Canada's role in international affairs grew markedly, reflecting dramatic changes in the world order and Canadian determination to have a greater say in international deliberations.

The end of the cold war marks the third time this century that the world has had to cope with the dramatic postwar changes precipitated by the collapse of a great power and its empire. The world is also coping with other challenges, especially in the international economy, that were well under way before the amazing developments in Eastern Europe in the late 1980s, and is for a third time this century attempting to put into place new structures that might facilitate international peace and prosperity.

In the wake of the end of the cold war, this should be an important moment for Canada: another opportunity for it to step forward in the world, and a time for it to play a major role in building new international structures. Canada may indeed step forward. Certainly its government and many of its citizens hope that it will do so. But for the moment at least, Canada's continued ability to play a major role in the post-cold war world has been cast into doubt by its economic troubles and by its constitutional turmoil.

AFTER THE FIRST TWO WARS

Until World War I, Canada's autonomy was limited to domestic affairs and to the ability to decide the extent to which it would contribute to Britain's military ven-

tures. British diplomats represented Canada's interests in foreign countries, and the British Empire's great decisions, including whether to go to war, were made in London.

During the struggle between 1914 and 1918, Canadians watched in horror as British generals expended tens of thousands of Canadian lives in French and Belgian trenches, without bringing victory one step closer, and without consulting Ottawa on the conduct of the war. Aggravating the situation at home was a bitter dispute between English and French Canadians over whether men should be conscripted into military service. In the election of 1917, English Canada voted for a conscriptionist coalition, while Quebec sent anti-conscriptionists to Parliament.

Out of frustration, Canada and the other British dominions demanded a voice in the direction of the war effort and successfully pressed for the establishment of an Imperial War Cabinet in 1917. This was Canada's first real "seat at the table," the opportunity to participate in deliberations on matters of global importance that directly affected Canada. After the war ended, Canada signed the Treaty of Versailles and joined the League of Nations, the principal international organization resulting from the postwar settlement. Over the next decade, Canada gained a full international legal personality, a foreign service and active foreign ministry, and began to exchange diplomatic representatives with important countries, including the United States.

Canada was not an important international actor in the years between the century's two "hot" wars. Nor was its foreign policy especially distinguished or constructive. Canadian representatives spent a good deal of their time in Geneva, the League's seat, preaching to the wicked, war-prone Europeans about the virtues of harmonious Canadian-American relations. They also schemed to debilitate the collective security provisions of the League's covenant, so that Canada might escape being drawn into the next great war. Nonetheless, the experience reinforced two cardinal principles for Canada: that it would have a voice in world affairs and

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that, as a small power, its voice would be heard through an international organization.

When World War II began in 1939, Canada became a participant by issuing its own declaration of war, and made a substantial contribution to the allied effort. Only the most adroit maneuvering by Prime Minister William Lyon Mackenzie King prevented the conscription issue from again turning into a bitter dispute between English and French Canadians.

At the war's end in 1945, Canada's position had profoundly changed. With Europe and Japan in ruins, and with Britain exhausted, Canada temporarily became one of the world's leading powers. World War II also permanently changed Canadians' views on an appropriate international role for their country. Partly out of the conviction that the world should not repeat the mistake it made in the 1930s of not standing up to aggression, and aware that Canada shared part of the blame, Canadian leaders took an active role in the discussions concerning the postwar settlement, especially those leading to the establishment of the United Nations (UN) and its specialized agencies. Canada also became an ardent supporter of collective security. It played a major role in the creation of the North Atlantic Treaty Organization (NATO) in 1949 and, as a member of the alliance, dispatched Canadian forces to Europe, where a small contingent remains.

Participation in NATO met three Canadian interests that arose after World War II. First, it helped contain the influence of the Soviet Union, the dominant power on the European continent, and one that was hostile to Canadian political and economic values. But second, NATO could also be useful in politically constraining the United States, which had emerged as the other pole of the bipolar world and the leader of the Western alliance. Again an international organization played an important role in Canadian thinking: Canadians hoped that through NATO they could combine their views with like-minded allies, therefore gaining power to influence, and if necessary, constrain, American actions.

Third, NATO was a bridge to Europe; without a strong European link Canada would be uncomfortably alone with the friendly but potentially overwhelming United States. For most of its history, Canada had nestled comfortably in the Canada–United States–United Kingdom “North Atlantic Triangle.” Until earlier in this century its exports to Britain were just as important as

those to the United States. The two world wars helped change that. Britain went into decline and during each war Canadian-American economic ties became more important. Canada insisted that NATO's 1949 charter include what has come to be called “the Canadian article,” which pledges NATO members not just to military cooperation, but also to economic cooperation.

Canada's most dramatic foreign policy successes occurred fairly early in the postwar period while the country's influence was at its height. These years are fondly recalled in Canada as “the golden age” of Canadian diplomacy. The high point was symbolized by the Nobel Peace Prize awarded to Lester B. Pearson for his work while Canadian secretary of state for external affairs in negotiating peacekeeping arrangements during the 1956 Suez crisis.

Canada's international standing declined as Europe and Japan recovered and as international organizations grew crowded with newly independent third world countries. Prime Minister Pierre Trudeau observed, in an often-quoted 1968 remark, that, “we're perhaps more the largest of the small powers than the smallest of the large powers. And this is a complete change, I think, from our mentality of 20 years ago.” This is not to say that Canada has not continued to have a significant role in world affairs, including international security, international economic relations, international technical cooperation, protection of the environment, development assistance, and for support of human rights.¹

DIPLOMATIC CONTACTS

Nor is it to say that Canada does not possess significant international capabilities. First among these are diplomatic and political contacts. After World War I, Canada's active membership in the British Empire (soon to be the Commonwealth) and then its seat in the new League of Nations gave it access to world events. After World War II, close ties with Britain and the United States, soon followed by membership in the UN and NATO, were critical points of access.

In the aftermath of the cold war, Canada has cultivated a broad array of diplomatic contacts over the years, providing it with privileged access to the world's other principal actors and to international forums. Canada is a close ally and partner of the world's remaining superpower, the United States. The current prime minister, Brian Mulroney of the Progressive Conservative party, is in frequent contact with United States President George Bush to discuss world events, as is the Canadian secretary of state for external affairs with his American counterpart. In addition to direct bilateral ties with European states and with the European Community (EC) in Brussels, Canada's membership in NATO continues to allow it a seat in the most important forum where the future of European security arrangements is being discussed. Canada is also an important member of the Conference on Security and Cooperation in Europe (CSCE).

¹General works on Canadian foreign policy include Kim Richard Nossal, *The Politics of Canadian Foreign Policy*, 2d ed. (Scarborough: Prentice-Hall Canada, 1989); David B. Dewitt and John J. Kirton, *Canada as a Principal Power* (Toronto: John Wiley, 1983); J. L. Granatstein, ed., *Canadian Foreign Policy: Historical Readings* (Toronto: Copp Clark Pitman, 1986); and J. L. Granatstein and Robert Bothwell, *Pirouette: Pierre Trudeau and Canadian Foreign Policy* (Toronto: University of Toronto Press, 1990).

Reflecting its economic status, Canada belongs, along with the United States, Japan, Germany, France, Britain, and Italy, to the Group of Seven industrialized countries, where international economic and political issues are discussed. After decades of often frustrating effort, Canada's reputation in the UN remains high. Canada is also a leading member of the Commonwealth of Nations (arguably the leading member) and a member of what can be called its French-language equivalent, the Francophonie.

The Francophonie is not well known in the United States, while the Commonwealth tends to be disparaged. Both constitute privileged forums bridging the North-South gap. In recent years the Commonwealth has provided an especially useful structure for Canadian involvement in southern African problems, while the Francophonie has focused Canadian development assistance on French-speaking states. Finally, the Mulroney government recently converted Canadian status in the Organization of American States (OAS) from observer to full-member status, allowing it to help advance the peace process in Central America.

MILITARY CAPABILITIES

Canada's military participation in the allied cause during the two world wars helps guarantee it a voice in the postwar world. Canada is by no means a principal military power. The Canadian armed forces are undermanned, underfunded, and underequipped. Their total strength is to drop to 76,000 by 1994. In recent years Canada has spent 2 percent of its gross domestic product (GDP) on defense, a smaller proportion than any NATO member other than Iceland and Luxembourg.

Nonetheless, Canada sought during the cold war, sometimes quite effectively, to use its limited and highly professional military to buttress its world roles, especially in the Western alliance. Its very small force in Europe (soon to be reduced to 1,100 personnel, according to a September 1991 announcement by the Mulroney government) has served as a token of Canada's commitment to NATO. Canadian decisionmakers have always seen such a token as necessary to guarantee Canadian influence in allied councils.

The deployment of a limited number of air defense and naval forces for North American defense, in cooperation with the United States, guarantees Canada some access to United States defense planning as well as a reputation in Washington as a dependable, if not overly enthusiastic, defense partner. Canadian forces have participated in nearly every peacekeeping operation conducted under UN auspices; current assignments include the Middle East and Cyprus. The commitment of two Canadian warships, a supply vessel, a squadron of aircraft, and a field hospital to the war against Iraq earlier this year demonstrated that Canada can contribute on a small scale to collective security operations. A restructuring of the army to become a "flexible, versatile mili-

tary force," also announced in September 1991, could enhance this capability.

TROUBLING ECONOMIC ISSUES

Canada's economic situation after the cold war is quite different than after the two world wars. There were frightening moments for the Canadian government during both world wars, as Britain's economic troubles caused difficulties for Canada. However, thanks in part to wartime economic arrangements with the United States that connected the two North American economies more closely, Canada prospered in the years immediately after World War I, and experienced a sustained boom after World War II.

Today Canada is one of the richest countries in the world. But its economic outlook is worrisome, especially its ability to compete in the world economy. This can be seen in several troubling indicators: Productivity growth fell from an average annual rate of 2.3 percent between 1946 and 1973 to just under 1 percent in subsequent years. Compared with other members of the Group of Seven, Canada's manufacturing productivity has slowed; its cost competitiveness relative to the United States has sharply declined.

The causes of Canada's economic woes are the subject of intense debate inside the country. Many point to federal and provincial taxes, which are high compared with those in the United States. The country's gigantic budget deficits, which are more than 50 percent of GDP, along with a central bank determined to fight inflation, have helped keep interest rates high. Others identify low levels of investment in research and development, high labor costs, and the inability of the federal government to guarantee the free movement of goods, services, and capital within Canada and to put in place programs that could boost productivity. The Canada-United States free-trade agreement has also been attacked by those who believe it deprives the Canadian government of the ability to put economic programs in place. Whatever the causes, the decline in international competitiveness is ominous, for Canada's economy depends on trade: roughly one-quarter of its GDP comes from international trade, especially with the United States, which takes more than 80 percent of Canada's exports.

The decline in Canada's competitiveness compared with the United States is thus especially troubling. Visible signs of this problem have been the closing of Canadian factories and the long lines that have recently formed at the Canadian-American border, caused by Canadian shoppers taking advantage of lower prices in the United States.

CANADIAN UNITY AND FOREIGN POLICY

The greatest shadow over Canada's ability to play a major role in the post-cold war world is its domestic constitutional crisis since June 1991, when a draft constitutional amendment called the Meech Lake Accord

failed. The accord contained a provision that would have recognized the predominantly French-speaking province of Quebec as a "distinct society within Canada." After the accord was rejected by 2 of Canada's 10 provinces, support in Quebec for the establishment of a sovereign Quebec state soared and the provincial legislatures provided for a referendum on sovereignty to be held by September 1992.

At present it is impossible to say whether Quebec will opt for independence. In September 1991 the Mulroney government released a new package of constitutional proposals intended to keep the country together.² Canada has now entered a period of intense constitutional debate. The critical question is whether these proposals can evolve, early in 1992, into a new accord between Quebec and the rest of the country that will keep them both under the same flag.

Unlike the two great wartime conscription crises dividing French and English Canadians, Canada's international commitments have not played a significant role in the current constitutional differences. However, it was sometimes evident during the Persian Gulf war earlier this year that the Québécois tended to be less enthusiastic about Canada's involvement than their English Canadian compatriots. During the 1960s and 1970s, the Canadian and Quebec governments struggled over their respective roles abroad, especially in the Francophonie. These have been smoothed out in recent years, leaving Canadians to focus on the arguments over their domestic political arrangements.

World events have not, however, been irrelevant to the Canadian crisis. Conventional wisdom holds that the emerging global economy generally fosters greater international integration and a resurgence of regional and ethnic nationalism, both at the expense of multi-ethnic states. Certainly the Canada-United States free-trade agreement has made many Québécois confident that a sovereign Quebec would be economically viable in the broader North American market. Many Quebec sovereignists supported the agreement because they felt that it would make Quebec less dependent on the rest of Canada. This impact of the emerging global economy should not be confused with the parallel disappearance of communism as a glue to hold states together. Democratic Canada's travails bear only the most superficial similarity to those of the Soviet Union.

Despite the troubles at home, the Mulroney government has been attempting to conduct foreign policy on the basis of business as usual. But Canada's constitutional debate could soon have a direct impact on its foreign policy. If Quebec opts for independence, Canadian attention will be drawn inward by the difficult and potentially bitter task of dividing up the country's assets

and liabilities, making the constitutional arrangements necessary for a sovereign Quebec and a Canada that no longer encompasses it, and establishing a new state-to-state relationship between Quebec and Canada.

Thereafter, Quebec would become one of the smaller and richer members of the international community, although far from the smallest. It would certainly attempt to pursue close relations with the United States, Canada, and the other major trading nations and would inherit Canada's active role in the Francophonie.

Canada would become a geographic curiosity, with independent Quebec lying between its Atlantic provinces and the rest of the country. It would lose about one-quarter of its population and GDP. Speculation on the foreign policy of such a Canada runs from those who believe that the overall approach would remain unchanged to those who see a dispirited Canada drawing closer to the United States or a Canada that pursues a foreign policy somewhat at odds with the United States in order to emphasize national distinctiveness.

CANADA AND INTERNATIONAL SECURITY

If Canada emerges from the crisis intact, its general approaches to world affairs in the post-cold war world are much clearer, and can be sketched out in broad terms. First, Canada will continue to pay close attention to its most important foreign relationship—its extensive ties with the United States.

In addition to the purely bilateral aspects of the Canadian-American relationship, Canadians expect their government to devote a considerable amount of energy to influencing how the United States conducts itself in world affairs. Now that the United States has become the only superpower, this expectation may intensify. Debates in Canada over influencing the United States center on whether it is best to disagree openly or to engage American decisionmakers confidentially, sometimes in the company of other allies. The Mulroney government has opted for quiet consultations and speaking out on selected issues of disagreement, such as the American invasion of Panama. The quiet approach has succeeded to some extent: the Canadian government appears to have had a important role in helping to persuade the Bush administration to go to the UN Security Council for the authority to begin hostilities against Iraq in January of this year.

Second, for the next several years Canada will want to play as significant a role as possible in issues of international peace and security. In the past, Canadian interest in such matters arose out of its ties with a great imperial power or alliance leader. Its close relationship with Britain led Canada into both world wars, precipitating a Canadian foreign policy based in the 1920s of trying to avoid binding security commitments overseas, and in the late 1940s of actively supporting the international institutions that might prevent conflict from recurring. In the cold war, the simple geographic fact

²Government of Canada, *Shaping Canada's Future Together* (Ottawa: Minister of Supply and Services Canada, 1991).

that Canada is located next to United States always entailed the danger that a conflict overseas, especially in Europe, could escalate into a nuclear war involving United States territory, in which Canada would also suffer. Canadians would thus frequently observe during the cold war that international security and their own national security were, if not identical, then highly interdependent.

The disappearance of the Soviet Union as a superpower and as an ideological challenge to the West alters that Canadian equation. There will still be regional conflicts in the post-cold war world, as demonstrated by the Persian Gulf war and by the struggle in Yugoslavia. At the same time, the possibility of a major nuclear war has not completely disappeared. But the chances of regional conflicts escalating into a Soviet-American confrontation now appear greatly diminished.

Thus in the post-cold war world, Canadian national security will no longer be as intimately linked to international security. Canada's determination to participate in questions of international and regional security will arise more out of conceptions of Canada as a country that can contribute to the preservation of peace elsewhere than as a country that could suffer grievously if war breaks out.

The international security roles Canada will be able and willing to undertake are not entirely clear. Canada's military role in NATO will be reduced to a token force. There is broad, enthusiastic support among Canadians for active participation in the UN and for the commitment of Canadian forces to UN peacekeeping operations. Indeed, such operations have a hold on the Canadian popular imagination and have contributed to the Canadian sense of national identity. Yet Canada was able in part to play such a prominent peacekeeping role in the cold war because the United States and the Soviet Union could not. With the dramatic disappearance of the East-West rivalry, the United States and the Soviet Union may be able to play a larger role.

The Gulf war also demonstrated that many Canadians are uneasy with the notion that their armed forces could actually be used to defeat aggression; some argued that involvement in the war would tarnish Canada's reputation and render it incapable of participating in future peacekeeping operations. In January 1991, as the UN deadline for an Iraqi withdrawal from Kuwait approached, the two major opposition parties in the House of Commons called for the government to withdraw Canadian forces from the Gulf should war actually

break out. The editor of Toronto's *Globe and Mail* commented at the time, with disapproval, that, "Many Canadians simply do not believe that we should be an actor in world events of this kind; we are, in essence, neutral when the gauntlets go down; it is against our 'tradition' to join the battle when conflict occurs."³

A Canadian priority in the post-cold war world will be to join with other countries to keep the international economic system as open as possible and to prevent the establishment of three large and potentially protectionist trading blocs revolving around the United States, Japan, and the EC. Here the parallel with the years after World War II is striking. Canadians feared that if Europe fell under Soviet domination, they would be left with only their asymmetrical relationship in North America with the United States. These old Canadian concerns about economic ties abroad have now re-emerged, and they are shared by the United States.

The North Atlantic community that the Americans, Europeans, and Canadians built, with its military and economic underpinnings, was a success. Yet compared to the present, the task was in many ways easier in the late 1940s when the Soviet threat loomed, Europe lay in ruins, and American military and economic power became pre-eminent. As two Canadian scholars pointed out several years ago, "The role of the United States as security guarantor of the Western alliance provides the glue for the political and economic relationship among the Western countries."⁴

The United States remains militarily paramount. Yet in response to the declining Soviet threat, the American "glue" will inevitably diminish as an important factor in European security. Indeed, it already has diminished. In Europe the process of integration is well under way. With the removal of major internal economic barriers in sight, the EC will become the largest economy in the world, with a population of nearly 350 million and a combined national income approaching that of the United States. The relative economic decline of the United States, intensified by mismanagement of its fiscal affairs, further weakens its ability to take the lead in ordering the international economic system. Yet neither Japan nor the EC seems willing or able to play that role.

Canada will continue to respond to threats to the global economy with a series of regional initiatives directed especially toward Europe and East Asia. It has sought to intensify its ties with both Eastern and Western Europe, including a new formalized relationship with the EC itself. It will be anxious to be included in any new regional economic arrangements or economic institutions that may emerge in the Asia-Pacific region. Canada has the third-largest economy of the Pacific Rim nations and, like the United States, now exports more across the Pacific than across the Atlantic. Finally, participation in the Canada-United States-Mexico free-trade talks will, in the short run, help protect Canadian interests affected by the United States-Mexico discus-

³William Thorsell, "The Canadian Character: It's Time To Give Peter Pan the Boot," *The Globe and Mail* (Toronto), January 19, 1991.

⁴David Leyton-Brown and John Gerard Ruggie, "The North American Political Economy in the Global Context: An Analytical Framework," *International Journal*, vol. 42, no. 1 (Winter 1986-1987), p. 7.

sions and, along with membership in the OAS, help position Canada in the "American bloc" if that becomes an unfortunate necessity in a protectionist world.

A NEW MULTILATERALISM

Preserving and fostering an open international economy will also engage Canada in forums such as the Group of Seven, the Uruguay Round of the General Agreement on Tariffs and Trade, and the International Monetary Fund. This will be an element of the third general approach Canada can be expected to take to foreign policy in the 1990s: multilateral actions designed to foster international organizations as principal elements of a new international "architecture."

The Canadian reliance on international organizations sometimes seems instinctive. In 1990, Joe Clark, then secretary of state for external affairs, observed that it has "never been open to us to act unilaterally or alone. On

all the important issues, success for Canada has meant cooperation with others."⁵ Since the end of World War I, Canadians have been convinced that such cooperation often can best be achieved in more formal structures. Within such structures Canada will pursue a host of other foreign policy interests ranging from telecommunications policy to Arctic cooperation to protection of the environment.

The post-cold war world could be well served by an active Canada committed to the construction of a new international "architecture." The end of the East-West conflict has created opportunities for international security cooperation, evident in the life that has been breathed into the UN. The relative economic decline of the United States, the rise of Japan, and the quickening pace of European integration have contributed to the need to overhaul the creaky structures of the international economy. Canada's willingness and ability to play such a long-term role are not in doubt. But for it to turn firmly to the challenges and opportunities abroad that the end of the cold war has created, it will first have to overcome the formidable challenges at home. Sadly, it is easy at the end of 1991 to wonder if it will be able to do so. ■

⁵Joe Clark, "Canada in the World: Foreign Policy in the New Era" (Speech before the sixty-sixth meeting of the Canadian-American Committee, Toronto, October 13, 1990).

"Over the last few years constitutional wrangling has forced English and French Canadians to recognize just how divided they really are. This time the differences may be too great for either side to ignore."

Canada's Constitutional Crisis

BY KENNETH MCROBERTS

The year 1992 will mark the 125th anniversary of the creation of Canada. Yet Canadians have yet to complete fully the most fundamental of tasks—giving their country its own constitution. For 115 years, Canada's constitution remained under the control of the British Parliament. In 1982 the constitution was "Canadianized" when the British Parliament relinquished control over the constitution. Yet, symbolically at least, this Canadianization is incomplete: one province, Quebec, did not sign the new document. Moreover, attempts at resolution over the last few years have revealed fundamental divisions between French Quebec and English Canada. The Canadian union may not survive for long if it is unable to put its constitutional house in order.

SEPARATING FROM BRITAIN

Canada was created in 1867 when the British Parliament passed the British North America Act. The act formed the basis of the primary written part of the Canadian constitution; in particular, it spelled out the terms of the Canadian federal system. It was appropriate that Canada, while a British colony, should be governed by a British statute, but this state of affairs persisted long after Canada ceased to be a colony.

In 1931, through the Statute of Westminster, Canada

became a sovereign country, along with Australia, New Zealand, and South Africa. With the statute, the British Parliament relinquished all authority in the latter three dominions. But in Canada it did not, for a simple reason: Canada's federal and provincial governments were unable to agree on a formula by which a Canadian constitution might be amended. The only alternative was to leave Canada's constitution in British hands.

In practical terms, this arrangement did not pose insurmountable difficulties; the British Parliament always obliged when called on by the Canadian government to undertake amendments to the act.¹ But the symbolism was, to say the least, bizarre for the ostensibly sovereign state that Canada believed itself to be—and was perceived to be by the rest of the world.

This problem was resolved in principle in 1982 when Canada's federal government asked the British Parliament to abandon its control over the Canadian constitution. Parliament's last statute on the subject was the 1982 Canada Act, which placed the Canadian constitution fully in Canadian hands. But a problem remained. Quebec, and Quebec alone, did not agree to the amendment formula for the patriated constitution. So one oddity replaced another: the constitution had been Canadianized, but Canada's second-largest province refused to sign it.

THE BATTLE OF MEECH LAKE

The Quebec government is clearly bound by the new constitution. This has been recognized by the Parti Québécois (PQ), which is formally committed to Quebec sovereignty and which controlled the provincial government between 1976 and 1985, and by Quebec's current Liberal government, which is formally committed to Canadian federalism and has held power since 1985. When in power, both parties have respected decisions by the Canadian Supreme Court that have declared parts of the province's statutes unconstitutional. However, both have also refused to agree to any amendments to the constitution so long as Quebec is not a formal signatory to the document.

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¹In 1949, the British Parliament granted the Canadian government's request that the Canadian Parliament be allowed to make certain amendments to the constitution. This authority, however, did not extend to amendments affecting the division of powers or other critical matters.

Despite its commitment to keep Quebec in the federal system, the present provincial government insists that it cannot sign the constitution unless it is modified to explicitly recognize Quebec's distinctiveness. The Liberal government also wants the constitution's delineation of Canadian federalism significantly altered to expand the province's jurisdiction. Meanwhile the anomaly continues, with Quebec bound by a constitution it has not signed.

In 1987, Prime Minister Brian Mulroney and provincial premiers met at Meech Lake, Quebec, to resolve the unfinished business from 1982—and they came close to doing so. The resulting Meech Lake Accord contained amendments that the Quebec government agreed made it possible to sign the constitution. However, under the amendment formula adopted in 1982, the accord required ratification by the Canadian Parliament and all 10 provincial legislatures within three years. By June 1990 the pact had been approved by the Canadian Parliament, Quebec's National Assembly, and seven other provincial legislatures.

But elections in Manitoba, New Brunswick, and Newfoundland after the accord was signed saw different parties assume power in those provinces. In 1990 Newfoundland's new government rescinded the provincial legislature's ratification of the accord, which under the Canadian system they were empowered to do. In the other two provinces, the new governments delayed ratification. After delay, New Brunswick finally ratified the accord, but by the time Manitoba began the ratification process it was too late, given the legislature's postponement of a vote in order to hear the concerns native peoples in the province had expressed about the accord. In the end, Meech Lake died for lack of the approval of two provincial legislatures.

But more was involved than simply a change in government in three provinces. In the course of the three-year ratification period, opposition to the accord intensified in English Canada. If the majority of English Canadians had originally been prepared to go along with accord, by the spring of 1990 the majority was firmly opposed. This opposition reinforced Newfoundland's premier, Clyde Wells, in his resistance and helped induce the premiers of Manitoba and New Brunswick to delay the approval process.

Ironically, English-Canadian opposition to Meech Lake in part reflected the success of the 1982 constitutional changes. The constitution had indeed been Canadianized. Many English Canadians wanted to take charge of "their" constitution; they were no longer prepared to leave revision to the politicians. But the opposition also reflected many English Canadians' new insistence that if Quebec were to sign the constitution, it could only do so with exactly the same status as all the other provinces.

English Canadians and Quebec francophones have approached these constitutional discussions with

entirely different concerns, which have in turn supported diametrically opposed plans for constitutional revision. For Quebec francophones the primary purpose of any constitutional revision was to bring Quebec into the constitution and erase the symbolic isolation of 1982; in their view, this round of constitutional revision had to be a "Quebec Round." For most English Canadians, the only legitimate objective was to further Canadianize the new constitution; any negotiations could only be a "Canada Round" intended to make the constitution more appropriate for all of Canada.

English Canada sees accommodating Quebec as only one of several issues. More important to most English Canadians has been the reform of federal institutions, especially the Senate, to make the federal government more responsive to all of Canada's regions. Another concern is to strengthen the Charter of Rights and Freedoms, which was adopted when the constitution was patriated.

As a result of these radically different views on revising the constitution, Canada is confronting the worst crisis in its history. To understand these opposing stands we need some historical perspective. How is it that over the last 30 years Quebec has become increasingly convinced that a constitution it had found generally acceptable during the first 90 years of Canada's existence is no longer adequate? Why have many Quebec francophones come to the conclusion that Quebec sovereignty is preferable to the existing federal system—and perhaps to any federal system? Conversely, why do English Canadians seem increasingly resistant to Quebec's demands for change in the federal system? How have they come to develop their own agenda for constitutional change?

THE ROOTS OF QUEBEC'S DISCONTENT

Among Canada's 10 provinces, only in Quebec do most people use French as their primary language. Eighty-three percent of the residents of Quebec—5.3 million people—are French speakers. The province with the next largest proportion of French speakers is New Brunswick, with only 31 percent. In Ontario it is 4.3 percent. In all the other provinces, the proportion of French speakers in the population is less than 4 percent—usually far less. Quebec in fact is home to about 89 percent of all French speakers in Canada. The French presence in Canada is predominantly a Quebec presence, which has had enormous consequences for Canadian politics.

Most Quebec francophones can trace their family histories back to the colony of New France. They have a personal link to a centuries-long history marked by struggle against cultural assimilation and resistance to economic and political subordination.

Founded in 1608, New France remained in French hands until its capture by the British in 1759. British rule did not lead to assimilation, despite the initial intention of British authorities that it should. However, tensions

between the Canadiens, as they called themselves, and the growing British population of the colony spawned the rise of a Canadian nationalist movement, culminating in the failed Rebellions of 1837. In 1840, Quebec—or Lower Canada, as it was then called—was merged with the predominantly English-speaking colony of Upper Canada, which formed the basis of what is now Ontario. This new United Canada was meant to lead to the assimilation of the Canadiens. Once again, assimilation did not occur—this time thanks to collaboration between Canadian leaders and reformist elements in Upper Canada.

However, in 1867 the United Canada joined two other British colonies, Nova Scotia and New Brunswick, to form the Dominion of Canada. As their price for acquiescing to confederation, the Canadian (now called “French-Canadian”) leaders secured a federal system in which Quebec would be an autonomous province with exclusive jurisdiction over matters touching on its cultural distinctiveness, such as education, civil law, and health and welfare. French Canadians would clearly be a minority in the new Canadian confederation. (Indeed, whenever English and French Canadians have been divided on an issue, the federal government has usually adopted the English Canadian position.) However, the French Canadians of Quebec had the security of a provincial government that, given their overwhelming numbers in the province, could be relied on to respect French-Canadian interests.

Nonetheless, Quebec's jurisdictions were fixed in 1867. They reflected a largely rural society in which key responsibilities such as education were performed mainly by private institutions linked to the Roman Catholic Church. The key economic responsibilities were assigned to Ottawa. English-Canadian dominance of positions of power in Quebec's economy was not to be challenged.

During the first half of this century, French Quebec was transformed from a rural and predominantly agrarian society to an urban, industrial one. By the 1960s the old federal arrangement had come increasingly under attack as no longer appropriate to the province's changed society. The Liberal government of Jean Lesage, elected in 1960, rapidly expanded the functions of the Quebec government. It took direct responsibilities for education and social welfare, which had been under the nominal control of the Church, and pursued policies, such as the nationalization of English-Canadian-owned hydroelectric firms, that were designed to carve out a new role for francophones in the upper levels of the Quebec economy. At the same time it embraced a new nationalism in which Quebec, rather than French Canada, was designated as the nation.

NATIONALISM IN QUEBEC

In the name of this new nationalism, intellectual and political leaders in Quebec began to call for a constitu-

tional arrangement explicitly based on the idea that Canada was composed of two nations or cultures, and that granted the Quebec government the additional powers needed to pursue its greatly expanded role. Some nationalist leaders even argued that these objectives could not be met within the Canadian federal system; Quebec would have to become sovereign. In 1968, the PQ was formed to lead the campaign for a sovereign Quebec that would be linked to the rest of Canada through an economic association. During the 1960s most Quebec francophones rejected this option, although many insisted that Canadian federalism would have to be revised if it were to accommodate the new Quebec.

In the late 1960s the federal government initiated a discussion of constitutional revision. But it was closely guided by the approach of Pierre Elliott Trudeau, who became prime minister of Canada in 1968. For Trudeau, any constitutional recognition of Quebec's claims to a distinct status could only be self-defeating, reinforcing those advocating Quebec separatism. Instead, he contended, the focus should be on expanding the role of French and francophones in the federal government and on strengthening the position of French-speaking minorities outside Quebec. Quebec francophones would then see all of Canada as their country and would distance themselves from Quebec nationalism.

Under the Trudeau strategy, constitutional revision would include patriation, insertion of a charter of rights (especially language rights), and reform of federal institutions. But it could not include any major devolution of power from the federal government to the provincial governments—at least not without a comparable shift in the opposite direction. And there certainly could be no devolution of power to Quebec alone. The federal government produced a package of constitutional reforms that, at a 1971 conference in Victoria, British Columbia, received the approval of all provincial governments but Quebec's. In light of the rejection, the federal government abandoned its project and serious constitutional discussion ceased.

The constitutional impasse contributed to growing support for Quebec sovereignty and for the PQ, which assumed power in the province in 1976 with René Lévesque as its leader. In 1980 the PQ government staged a popular referendum on negotiating sovereignty-association with the rest of Canada. However, only 40.4 percent of Quebec's voters approved the proposition.

The failure of the Quebec referendum formed the backdrop to a new round of constitutional discussions, culminating in the 1982 constitutional revision. Following through on Trudeau's promise during the referendum campaign that if the PQ proposition was rejected he and his colleagues would initiate revision of the constitution, the federal government presented its proposals for reforms in the fall of 1980. After extensive negotiations between Ottawa and the provincial gov-

ernments, a package emerged that had the support of all provincial governments except Quebec's. Unlike the 1971 Victoria conference, this time Quebec's opposition was overridden. Ottawa then proceeded with its request to the British Parliament, and the constitution was Canadianized.

In opposing the constitutional agreement, the Quebec government was simply pursuing the established policy of Quebec governments since the mid-1960s, and was supported by many Quebec federalists for doing so. Past Quebec governments had insisted that for the province to give its approval, patriation of the constitution had to entail both an amendment formula that gave Quebec a veto and a substantial increase in the areas of responsibility under Quebec's control. The 1982 revision contained neither. Under the new amendment formula, most matters require approval by only two-thirds of the provinces, representing 50 percent of the population. There is no expansion of provincial powers.² Beyond the new amendment formula, the main element of the constitutional revision was the adoption of a Charter of Rights and Freedoms. While the charter ensures the right to French-language schooling outside Quebec, it also restricts slightly the autonomy of the Quebec government.

Most Quebec francophones, federalist as well as *souvérainiste*, continue to resent that the constitution was patriated without the consent of their province's government. Few believe that the 1982 revision constitutes fulfillment of Trudeau's 1980 referendum pledge. Reinforcing the sense of betrayal is the fact that before the final negotiations seven provincial governments had joined with Quebec in a common position on the amendment formula, but then altered their position once negotiations began.

ENGLISH CANADA'S REACTION

English Canada has had a different constitutional itinerary. From relative indifference to constitutional issues in the 1960s, when Quebec sought to launch a revision, English Canada has recently become vitally concerned about the constitution. In the process, its readiness to accommodate Quebec's demands has declined significantly.

During the 1960s some English-Canadian intellectual and political elites tried to grapple with the new demands from Quebec.³ The New Democratic party, Canada's social-democrats, adopted the position that Canada is composed of two nations and that Quebec should be permitted to assume functions that the fed-

eral government would discharge elsewhere in Canada. Under Lester Pearson, the Liberal government created a Royal Commission on Bilingualism and Biculturalism and allowed Quebec to opt out, with compensation, from many federal-provincial programs and even exclusively federal programs. For their part, the Progressive Conservatives wrestled with the "two nations" thesis. By the mid-1970s, however, there was little English-Canadian interest left in these notions. Trudeau's strategy of incorporating Quebec into a pan-Canadian perspective, focusing in particular on official bilingualism and entrenchment of language rights, had supplanted these ideas.

Federal institutions have since become more fully bilingual, and francophones have secured a far more prominent place in them. Some provinces have expanded services to francophone minorities. For most English Canadians these measures could be justified only as expensive "concessions" to Quebec. Over the years they have become more resentful that these reforms have not had the expected impact in Quebec. During the 1970s, Liberal and PQ provincial governments made French predominant in Quebec, discarding the equality historically accorded the two languages. Support for sovereignty among Quebec francophones grew during the 1960s and 1970s, and remained fairly constant in the 1980s. There was a new surge in the wake of the failure of the Meech Lake Accord, which Quebec blamed on English Canada.

At the same time, the constitutional revision of 1982 has profoundly affected English-Canadian political culture. Thanks to patriation, many English Canadians feel a new sense of "ownership" of the constitution. This has been further reinforced by the Charter of Rights and Freedoms, which defines their personal rights and has become for them a new object of Canadian nationalism.

Finally, there has been an important shift in the attitudes of western Canadians regarding Canadian federalism. Historically, western Canadians have seen the federal government as primarily focused on the needs and interests of central Canada (Ontario and Quebec). They hold Ottawa responsible for a variety of grievances: the concentration of secondary manufacturing in central Canada; the extent to which tariffs have forced them to buy high-priced goods from the central provinces; discriminatory freight rates set by the railroads; and, most notably, Ottawa's attempt through the National Energy Program of the early 1980s to take a larger share of windfall profits from western Canadian oil and gas reserves.

During the 1970s these grievances led to demands to strengthen the provincial governments at Ottawa's expense. To a certain extent provinces such as Alberta shared Quebec's desire for autonomy. In recent years, however, western Canadian leaders have focused their efforts not on decentralization, which they now insist they do not want, but on securing greater influence in

²There is, however, a clarification of provincial jurisdiction over nonrenewable resources, in response to western Canadian concerns.

³This is developed more fully in Kenneth McRoberts, *English Canada and Quebec: Avoiding the Question* (Toronto: Robarts Centre, York University, 1991), pp. 10-14.

federal institutions. The most popular change among western Canadians is a so-called "Triple E" reform of the Senate: making it "elected" rather than appointed; "effective," in terms of its control over legislation and federal appointments; and "equal," with equal representation for all 10 provinces.

English Canada has thus become much more resistant to any recognition of Quebec's distinctiveness in the confederation. Under the logic of the charter, individual rights—including language rights—must be the same throughout Canada. And reforms such as a "Triple E" Senate are built on the premise that all provinces have the same status—Quebec included. Underlying the principle of absolute equality in the rights of individuals and in the status of provinces is the idea that Canada is a single nation. For this reason as well, Quebec can only be a province like any other. The Meech Lake Accord managed to violate all these newly evolving principles. This was its undoing.

THE MEECH LAKE ACCORD

The Meech Lake Accord was in fact a modest set of proposals. It dealt with only six matters:

- *Immigration.* The accord formalized the existing agreement between Ottawa and Quebec regarding selection of immigrants into the province while providing for the negotiation of similar agreements with the other provinces.
- *Federal cost-shared programs in exclusively provincial jurisdictions.* While implicitly recognizing Ottawa's right to spend in this manner, the accord stipulated the conditions under which provincial governments could establish programs of their own.
- *The Supreme Court.* The accord guaranteed that three of the nine justices would be from Quebec (a long-standing practice), while requiring Ottawa to make nominations to the court from lists provided by the provinces.
- *The Senate.* The accord established an appointment procedure for senators similar to that for the Supreme Court.
- *Constitutional Amendment.* The accord broadened somewhat the categories that would require the approval of all governments.
- *"Distinct Identity."* The accord declared that the constitution should be interpreted to recognize both that Quebec is composed of two linguistic groups and that Quebec's government and legis-

lature have a special responsibility "to preserve and promote the distinct identity of Quebec."⁴

It was the last provision, the declaration that Quebec constitutes a "distinct society," that became the focus of English-Canadian opposition to the accord. While such a provision might well have been acceptable to English Canada in the 1960s, it was much less so in the climate of the late 1980s. It was feared that the clause might induce courts to let stand Quebec laws that might otherwise have been ruled in violation of the Charter. And the mere symbolism of declaring Quebec to be a "distinct society" is offensive to English Canadians who see Canada as a single nation. For their part, Quebec's francophones were quick to respond to this English-Canadian resistance to the "distinct society" clause. Typically, they perceived it as a rejection of Quebec itself by English Canada.

THE NEW FEDERAL PROPOSALS

This September, more than one year after the collapse of the Meech Lake Accord, the federal government introduced a new set of proposals for constitutional revision. Designed to meet Quebec's demands in a way that would be acceptable to English Canada while at the same time responding to a variety of demands from other parts of the country, these proposals are far more comprehensive than the Meech Lake Accord.

Some elements of Meech Lake reappear. Once again there is reference to Quebec as a "distinct society," although this time application of the principle is clearly restricted to interpretation of the Charter of Rights and Freedoms. Quebec's elements of distinctiveness are specified: a French-speaking majority; a unique culture; and a civil law tradition.⁵

As with the Meech Lake Accord there are provisions regarding immigration and federal spending. And there is some expansion of provincial jurisdiction, including two areas of particular concern to Quebec: manpower training and culture. In addition, the proposals call for an elected Senate with considerable powers, in which the distribution of seats among the provinces would be more "equitable" but not absolutely equal. At the same time there would be a new body, the Council of the Federation, composed of representatives of the federal and provincial governments (plus the Yukon and the Northwest Territories), which would establish common policy in a variety of areas. Also, there would be recognition of Canada's native peoples' right to self-government.

Finally, to the surprise of most observers, Ottawa introduced a major set of provisions designed to strengthen the Canadian economic union, in particular by eliminating barriers erected by provinces and restrictions on the free movement of goods, services, people, and capital, and by coordinating federal and provincial fiscal policies. That these objectives would be accomplished through federal legislation seems to imply a

⁴See Peter W. Hogg, *Meech Lake Constitutional Accord Annotated* (Toronto: Carswell, 1988), appendix IV.

⁵Government of Canada, *Shaping Canada's Future Together—Proposals* (Ottawa: Minister of Supply and Services Canada, 1991), p. 14.

significant expansion of federal power, even if this legislation would require the approval of most of the provinces.⁶

The federal proposals have been designed to meet partially the concerns of a wide variety of interests. Taken as a whole they fall squarely within the notion of a "Canada Round," in contrast to Meech Lake's "Quebec Round." By addressing issues important to English Canadians, the package may indeed be more appealing to English Canada. Of course, English Canadians may not be satisfied with the specific proposals. The federal proposal for Senate reform, for example, falls considerably short of the "Triple E" formula advocated by western Canada. The new Senate's legislative powers would be limited, and there is no commitment to make provincial representation absolutely equal.

But just as with the Meech Lake Accord, the fate of these proposals may well be determined by the Quebec question. It is far from certain that English Canada will accept the new definition of a "distinct society." And French Canadians may find the new definition unacceptable since it limits the meaning of the concept. Further endangering support in French Quebec is the new role the federal government would take in strengthening the economic union; this has raised widespread fears that Quebec's system of government-linked financial institutions and preference given to Quebec business might be at risk. Finally, in order avoid the requirement

that all 10 provinces must approve the proposals, two elements of the Meech Lake Accord have been dropped: changes in the composition of the Supreme Court and in the procedure for amending the constitution. With these omissions, only 7 provinces must approve the proposals.

Time is short for the resolution of questions surrounding the proposals. In response to strong public pressure, the Quebec National Assembly has passed legislation stipulating that a referendum on Quebec sovereignty must be held by late October 1992. The clear hope of Quebec premier Robert Bourassa, still a supporter of Canadian federalism, is that next spring an acceptable offer for renewing the federal system will emerge from English Canada by way of the federal government. In that case, a referendum on sovereignty probably could be avoided. However, if an offer does not come, the resulting resentment in Quebec might produce a majority for sovereignty in a referendum—or a victory for the PQ in the next provincial election. A new PQ government would no doubt aggressively pursue the objective of independence. Over the last year, surveys of public opinion in Quebec have shown that a majority of people support sovereignty.⁷

Canada's constitutional travails continue. If the country has finally succeeded in patriating its constitution, it has yet to reach a clear consensus on the principles on which a constitution should rest. English Canada and French Quebec remain divided over the very nature of the country they ostensibly share. Conceivably they could simply agree to disagree and allow the oddity of Quebec's non-signing of the constitution to persist. After all, for more than 100 years most Canadians were not concerned that their constitution was formally in the hands of a foreign parliament. Yet this outcome seems unlikely. Over the last few years constitutional wrangling has forced English and French Canadians to recognize just how divided they really are. This time the differences may be too great for either side to ignore. ■

⁶See *ibid.* The proposals also include a 14-point Canada clause "to affirm the identity and aspirations of the people of Canada" and a proposal for an increase of free votes not determined by party affiliation in the House of Commons.

⁷Most recently, a survey by Multi Réso in late September, commissioned by the Montreal newspaper *Le Devoir* and the Canadian Broadcasting Corporation's program "Newswatch" (published in *Le Devoir* on October 1), found that 67.3 percent of respondents favored sovereignty-association for Quebec and 49.3 percent favored independence with no ties to Canada.

"Today, when the absence of a pan-Canadian identity is so evident, the Conservative government has signaled its intention to move away from official multiculturalism with policies designed to strengthen nationalism. But these policies are likely to be educational or symbolic in nature and will produce the desired unifying effects, if at all, only in the long run."

Canadian Society: Trouble in Paradise

BY MILDRED A. SCHWARTZ

Keith Spicer, chairman of the most recent commission to study Canada's national identity and future, observed that, "Seen from abroad, Canada looks like paradise. Seen from within, Canada looks to some Canadians like a pessimist's nightmare of Hell."¹ The language is dramatic and exaggerated, but it communicates the magnitude of Canada's current woes. Relations between groups, declining natural resources, and political immobility are more troubling at present than at any time in Canada's recent history. The breakup of the Canadian state is viewed as a possibility by a much broader and larger number of people than the small minorities in the past who thought random acts of terrorism would lead to an independent Quebec.

How Canada arrived at its current situation is not easily summarized. But a few intertwined themes—relations between English- and French-speaking Canada, native peoples' rights, immigration and multiculturalism, economic inequities, and political leadership—capture the main concerns.

RECONCILIATION FAILS

Beginning with Prime Minister Pierre Elliott Trudeau's request to patriate the Canadian constitution,

the institution of a Charter of Rights and Freedoms in 1980, and the 1982 Constitution Act, constitution-building has been the primary response to the problems of Canadian nationhood. The process culminated in 1987 when Prime Minister Brian Mulroney and the 10 provincial premiers agreed on the Meech Lake Accord. By recognizing Quebec's claim to be different from the other provinces—to be a "distinct society"—the accord was intended to reconcile Quebec to previous constitutional changes. At the same time it was to reject Trudeau's model of Canadian federalism, under which a strong central government would deal with 10 equal provinces and use of the French language would be protected and fostered throughout the country. But despite politicians' intentions, formal constitution-making has often been the flash point for conflict.

As the June 1990 deadline for provincial legislatures to ratify the Meech Lake Accord drew near, Mulroney attempted to persuade the last holdouts—Manitoba, Newfoundland, and New Brunswick—to meet the deadline. His failure made overt what had always been disguised—venomous feelings against Quebec as a province, French speakers as a bloc, and the concept of Canada as a bilingual society. In addition, the prime minister's efforts to speed the movement toward executive federalism went against the public's feeling that government should no longer be conducted behind closed doors. The expression of long-standing resentments has so poisoned the atmosphere that reconciling opposing groups in Canada will be extraordinarily difficult.

THE MOBILIZATION OF NATIVE PEOPLES

The constitutional debates have mobilized new actors, particularly women and native peoples, who have permanently altered the terms in which federalism and constitutional rights are understood. The provisions of the Charter of Rights and Freedoms have been used to promote not only individual rights but also the rights of groups without a recognized territorial base.² Just how effective the airing of grievances and the demand for group recognition has become was dramatized by

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¹Keith Spicer, "Canada Needs a New Strategy of Hope," *The Forum*, a special report included in *The Globe and Mail* (Toronto), June 29, 1991, p. 1.

²The effects of these changes are described most persuasively by Richard Simeon and Ian Robinson, *State, Society, and the Development of Canadian Federalism* (Toronto: University of Toronto Press, 1990), pp. 322–327.

Ojibwa Indian and New Democratic party legislative member Elijah Harper's efforts to prevent the Manitoba legislature's last-minute passage of the Meech Lake Accord.

Native peoples—Indians, métis (people of mixed race), and Inuits—are changing their relations with the government and with the white community by their new willingness to engage in open conflict. They have learned the value of cooperative action that cuts across local and tribal lines and have gained support from prominent members of the dominant community.

Quebec's efforts to ensure the province's economic well-being through the exploitation of northern resources have led to conflict with native peoples. Most recently, plans for expanded hydroelectric development have angered the Crees, who have sought federal injunctions against a hydroelectric project on grounds that the federal government must first examine the project's environmental impact; the dispute has led New York State to put on hold its purchase of additional power from Hydro-Quebec. In the summer of 1990, controversy shifted closer to Montreal when plans were announced to develop a golf course on what the Oka and the Mohawks said was reservation land. The death of a provincial police officer and other acts of violence between Indians and government officials brought international attention to the strained relations between whites and natives.

Native leaders view the quarrels between Quebec and the rest of Canada as a window of opportunity for redefining the Canadian state. The constitution has become their preferred venue for disputing the premise that Canada has two founding peoples, the English ("the English people" being in itself a debatable concept) and the French. It is their intention to add native peoples to the list.

BILINGUALISM, BICULTURALISM, OR NEITHER?

The Royal Commission on Bilingualism and Biculturalism, appointed by a Liberal government in 1965, undertook the first full-scale government investigation of the differences in opportunities and rewards between English and French speakers in Canada. It confirmed that the disadvantages French speakers faced in Quebec were as great as outside the province. Among the first steps taken were efforts to broaden opportunities in civil service. But the most notable results of the Commission's recommendations were the adoption of a policy of bilingualism in the federal civil service and the encouragement of provinces to follow suit, and the rejection of a policy of biculturalism. While the original premise of the Commission had been that Canada could be bicultural in the same way that it could be bilingual, biculturalism was now to be abandoned.

Despite welcome efforts to increase the facility of Canadians in both official languages, only a minority are truly bilingual and even fewer actually use both lan-

guages in their work—the one area where bilingualism could help equalize opportunity. Bilingualism is likely to be found among national political leaders and in the highest reaches of the federal bureaucracy; for most Canadians living outside Quebec, the ability to speak French is of no practical importance. Efforts to increase the use of French across the country have been unsuccessful except in those areas, generally adjacent to Quebec, in which there are already many French speakers. Meanwhile, Quebec's attempts to protect the use of French within its borders have aroused controversy amid accusations that language policies are an affront to basic freedoms.

Regardless of debates about whether the flavor of Montreal smoked meat is altered when the dish's name is translated—a concern after Quebec passed legislation requiring that all business signs be in French—there is little doubt that, no matter how well protected by law, the survival of French in an English sea will continue to be difficult. Bilingualism as a policy for defining Canada's linguistic community appears to be a failure—it cannot protect French in Quebec, it has not led to any appreciable spread of the language elsewhere, and it has not proved effective in protecting the linguistic rights of those French speakers who have lived for generations as a small minority in western Canada. And for the majority of Canadians for whom French is irrelevant, official use of the language is often an unwelcome reminder of the country's bifurcation.

IMMIGRATION AND THE CANADIAN MOSAIC

Government actions once again produced unanticipated results in Canada, as the 1965 Royal Commission hearings stimulated those of neither British nor French origin to question where they belonged if Canadian society was in fact bicultural. Trudeau's Liberal government responded in 1971 that Canada was multicultural. To French-speaking Québécois this concept was puzzling if not offensive, and it was basically unattractive to those of British heritage.

The adoption of a policy of multiculturalism was in some sense merely a recognition of Canada's changing demographic makeup, especially when regional trends were taken into account. In the 1961 census 50 percent of the residents of the three prairie provinces—Alberta, Manitoba, and Saskatchewan—reported that they were of neither French nor British origin. In the 1986 census only 49 percent of the total population claimed to be of French or British origin. Meanwhile, the traditionally high birthrate among French speakers, which has provided for the perpetuation of their language in Quebec, has fallen to one of the lowest levels for any population group in Canada.

At the same time, immigrants continue to add to the population's diversity. Immigration rates were high in the 1950s and 1960s, low in the early 1980s, and have now increased again. Governments have sought to

"rationalize" immigration by accepting those immigrants most beneficial to Canada. Dropping earlier concerns with the racial, national, and religious origins of immigrants, officials now focus on levels of skill, education, and even wealth. One result has been a noticeable increase in the multiracial character of the country, with non-whites making up 6.3 percent of the population in 1986. Urban centers with above-average concentrations of "visible minorities" are Toronto, Vancouver, Calgary, Edmonton, Winnipeg, and Montreal.

The term "visible minorities," while an accurate categorization sociologically and politically, implies a patronizing attitude toward people whose skin color is not white. It captures the resentment increasingly directed against well-to-do Chinese, who are reputed to have driven up housing prices in Toronto and Vancouver to such an extent that "Canadians" can no longer afford to buy a home. It hints at the racial prejudice behind the contemptuous jokes about East Asians, and the easy way in which blacks from the Caribbean are blamed for increased crime.

Quebec had for years argued that it needed some control over immigration, a concession that Trudeau finally granted. While increasing the number of French-speaking immigrants to the province, Quebec also welcomed "visible minorities" from the Caribbean, Africa, and Southeast Asia. This has not, however, made French-speaking Québécois notably freer of racial prejudice than English speakers in other provinces.

Social scientists argue that ethnicity is a complex phenomenon determined variously by birthplace, national origin, mother tongue, religion, or some combination of these. In Canada, the way in which the elements are combined has important political repercussions. After World War II, as immigrants once again entered Canada in large numbers and old assimilationist ideologies were politically discredited, Canadian scholars and politicians began to say that Canada was different from the United States in its willingness to accept the continuity of ethnic differences. The contrast drawn between Canada's "mosaic" and the American "melting pot" has continued to dominate political discourse in Canada, although there is little evidence that it is a realistic distinction.

The metaphor of the mosaic captures Canada's continuing linguistic duality. For the French, ethnicity is a potent concept because it is based on the coincidence of French origin, French as mother tongue, ancestors who were born in Canada, and ties to the Roman Catholic Church. For the majority of French speakers there is the added factor of a territorial base in Quebec. English, however, whether mother tongue or the language used

daily, is not connected in the same way with other elements of ethnicity. Quebec's experience in the context of Canadian politics has tended to place the linguistic struggle in a perspective that downplays or even ignores the ethnic diversity of English speakers. Some have found a reflection of this in literature; a recent observer of the national literary scene noted the tendency of Québécois writing in French to neglect anything that does not fit their dualist conception.³

Canada is now a multicultural and multiracial society, and will remain so regardless of any policies the government might adopt. Today, when the absence of a pan-Canadian identity is so evident, the Conservative government has signaled its intention to move away from official multiculturalism with policies designed to strengthen nationalism. But these policies are likely to be educational or symbolic in nature and will produce the desired unifying effects, if at all, only in the long run.

UNEVEN PROSPERITY, MORE TENSION

There has been a predictable growth in tensions between groups in Canada as economic conditions have worsened. The economic downturn is partly the result of a decline in export earnings. Another factor is an overheated domestic economy. The third—and still not fully understood—component of economic decline is the effect of the free-trade agreement with the United States, which came into force in 1989.

To those who favored free trade, the agreement presented a painless way of expanding Canada's export economy. Such results have, in fact, followed for some enterprises. But the other side of free trade was that many American manufacturers with branch plants in Canada consolidated operations at larger, more efficient plants in the United States. To be sure, the American economy has also been suffering from a downturn, and this may be the most important factor behind Canada's increased unemployment, bankruptcies, foreclosures, and other signs of economic distress.

Throughout its history, Canada has had a regionally uneven economy. Only the sources and sites of inequity have changed. The current territorial basis of economic well-being serves as a rationale for a view that sees relations among provinces and regions in terms of dominance and dependency.

Least changed are the relatively poor circumstances in the Atlantic provinces—Newfoundland, New Brunswick, Nova Scotia, and Prince Edward Island—which began to deteriorate around the time of confederation in 1867. Conditions have been counteracted to some extent by federal policies of regional development and by federal transfer payments. These, however, are vulnerable to shifts in political philosophy and are affected by general economic downturns.

The greatest economic changes have occurred in western Canada, particularly in Alberta and British Columbia. Alberta's wealth sharply increased with the

³Enoch Padolsky, "Cultural Diversity and Canadian Literature: A Pluralistic Approach to Majority and Minority Writing in Canada," *International Journal of Canadian Studies* (Ottawa), vol. 3 (Spring 1991), p. 120.

development of its oil and natural gas reserves in the 1960s; British Columbia's economy began to grow somewhat later, largely through the attraction of population and capital. Increased wealth and growing populations have enabled western Canada to begin challenging the political as well as economic dominance of central Canada.⁴ The fall in world oil prices in the mid-1980s contributed to an easing of the conflict between Alberta and the rest of Canada, but the underlying grievances of the western provinces remain. The rise of the Reform party in the west, led by Albertan Preston Manning, has provided a new focus for opposition to Quebec's demands and another stimulus to constitutional reform.

Quebec's economy has improved as well, giving a new generation of businesspeople the opportunity to assume community leadership. This indigenous class of French speakers plays a symbolic and active role, at times supporting and at times opposing the pro-independence message that has more consistently come from those professionally connected with language use and the mass media. The voice of business carries great weight for the average pragmatic resident of Quebec, who is concerned that the material advances of the province might be lost to nationalist impulse. If business leaders are prepared to look favorably on conciliatory efforts by the federal government and the rest of Canada, political crisis can once again be averted.

Canada's volatile economy, with its uneven regional development and dependence on resources and uncertain world markets, is also characterized by high levels of labor unrest. This is especially the case in the heavily unionized public sector, where strikes by postal workers have become almost a regular occurrence; a strike this September by federal employees almost paralyzed the country. With few significant signs that the economy is recovering, Canadian society is wracked by economically driven resentments. These feed into the ongoing political conflicts and augment tensions between groups.

WHO WILL CHANGE SOCIETY?

Today virtually every major problem in Canada is defined as political and seen as involving disputes over resources tied to inequities in power. On the positive side, this leads to the view that problems can be solved through political action. On the negative side, solutions are expected, and when they are not forthcoming the conflict escalates.

According to time-honored tradition in Canada, when the existence of a serious problem is recognized, an independent commission is appointed to investigate it. The commission holds hearings and issues ponder-

ous reports. The government responds with proposals based on the commission's findings and recommendations. All this, of course, may be some years after the problem surfaced; still, the process has often been effective, allowing tempers to cool and reason to prevail. Canadians, it is said, like a process that avoids overt conflict—and who can blame them? But the interrelated problems presented here have lengthy histories, and most of them have already gone the commission route, not once but several times. Even now, a Cabinet committee under Constitutional Affairs Minister Joe Clark has proposed still another set of constitutional arrangements.

The degree of distrust and disgust that Canadians now express against the leadership of the federal government and that they extend to the leaders of all provinces and all parties cannot be ignored. (The prime minister's approval rating is now reported to be a mere 12 percent.) Just how suspect the major parties and government at various levels have become was demonstrated by the unexpected victory of the New Democratic party (NDP) under Bob Rae in the 1990 Ontario provincial election.

By electing the NDP, voters seemed to be punishing the ruling Liberals for their mistakes in office. Since the Conservatives had recently been ousted as the province's governing party, the NDP won by default. The party was hardly prepared to assume power, since it lacked comprehensive programs and experienced politicians to take on ministerial responsibility. The transition has not gone smoothly. Least excusable for a party that prides itself on its moral superiority to those who practice "politics as usual" were questions about the personal judgments and behavior of Cabinet ministers that led to three resignations. The party's lapses, however, have fed into the skepticism about all political parties and politicians.

Not only have Canada's problems been defined as political, but their solution is thought to lie in revision of the constitution. Because Canadians feel a sense of desperation when thinking about the immediate future, those changes may have acquired a misplaced symbolic importance for them. Granted, no constitutional document can be perfectly attuned to all circumstances and all times. There may be real wisdom in the way the United States Constitution is accorded symbolic importance as a document, an importance reinforced by the fact that it is difficult to amend. Such a constitution becomes a tool called on to define and redefine relations between citizens and their government. It is subject to changing interpretations under changing conditions, including those affecting political philosophies and distributions of power. However, the constitution retains a legitimacy rooted in tradition. Even when individual politicians lose their virtue, there is still a political foundation that keeps its value.

But what if the constitution is so flawed that one important territorial component of the country ques-

⁴Edward J. Chambers and Rodney E. Schneck, "The Political Economy of Western Canada," *Business in the Contemporary World*, vol. 3, no. 1 (Autumn 1990), pp. 71–81, provides details from the perspective of western Canadians.

tions its validity? Will the country's problems be solved by still another set of constitutional changes? The failure of the Meech Lake Accord shows that there is currently no way to satisfy all parties who are mobilized to defend their particular positions. Once more the federal government says it wants to guarantee Quebec's status as a distinct society, to strengthen the central government, to abandon multiculturalism, and so on. Who will be satisfied this time around?

Peter Russell, in his presidential address to the Canadian Political Science Association in June, convincingly argued that it was time to back away from constitution-making. But there is no evidence that his words convinced any of those still engaged in the pursuit of the perfect document. Certainly it is difficult to undo past

mistakes, but now it appears they can only be compounded.

If it is to survive, Canada must quickly enter onto the path of economic recovery and discover some great, yet pleasant, distraction from politics that is free from the demand for passionate ideological commitment. Along the way, Canadians must also learn their country's history, even if they have only recently landed in the country. And better still, if the history they explore is comprehensive enough to include the story of all Canadian immigrants. Instead of looking elsewhere, whether for role models or scapegoats, Canadians should engage in more critical self-examination. They will not find appropriate models in the experiences of the United States, in the Soviet empire now breaking apart, or in Europe as it forges the European Community. *Ils ont besoin de tomber amoureux du Canada, d'une océan à l'autre.** ■

*They need to fall in love with Canada, from sea to sea.

In the United States, debate has reemerged about the plausibility of adopting a national health-care system. As Theodore Marmor points out, Canada adopted such a system more than 20 years ago—a system that he argues the United States should use as a model for national health care.

Canada's Health-Care System: A Model for the United States?

BY THEODORE R. MARMOR

If there is any part of American life that is now regularly criticized as unaffordable, unfair, and uncontrollable, it is medical care. The claim that American medicine is "in crisis" is of course not new—both Senator Edward M. Kennedy (D-Mass.) and President Richard Nixon agreed on that in 1971. What is new is the extension of alarm to American business leaders, who are seriously worried about skyrocketing health-insurance premiums and whose complaints have transformed the media's coverage of American medicine.

One sign of this transformed discussion is the unexpected prominence of Canada's health-care system in American debates over what can and should be done about the medical care "crisis" in the United States. In the past two years especially, commissions and commentators have taken up the topic of serious reform in American medical care with vigor. The leaders of the Chrysler Corporation—particularly its flamboyant head, Lee Iacocca, but also its board member and the former United States secretary of health and human services, Joseph Califano—published widely cited pieces criticiz-

ing American medical practices and lauding Canada's national health insurance program. A new organization of American doctors—Physicians for a National Health Program—made Canada its model and published its recommendation of a "Canadian-style" plan in the *New England Journal of Medicine*.¹

Whatever the catalyst, the Canadian model gained popularity with media commentators, surprising Canadians so accustomed to American neglect. In the spring and summer of 1989, all three American television networks, National Public Radio, and the major newspapers offered stories on Canadian medical care and its financing. Congressional committees began to ask Canadian experts to testify, and political organizations sent parades of representatives to Canada on crash study tours. But the most striking evidence of the seriousness with which American commentators have taken the Canadian model were the attacks on it by the American Medical Association (AMA).

Under the seemingly innocently titled "Public Alert Program," the AMA committed \$2.5 million in 1989 to "telling millions of Americans the facts about the Canadian health-care system." In a campaign reminiscent of its 1948 attack on President Harry Truman's proposed national health insurance scheme, the AMA began to place advertisements in the major media and to supply background materials for a blitz of editorials, opinion pieces, and reports about Canada.

Why should the AMA be so concerned about the Canadian example of national health insurance? Why, in turn, should the Health Insurance Association of America (HIAA) devote expensive staff energy to producing what amounts to a book asserting that no matter how appealing the Canadian model is, it would be neither politically acceptable nor practical to implement?² The answer is not terribly complicated. Over the past five years, business, labor, and popular discontent with American medicine has crystallized. There is

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¹David U. Himmelstein and Steffie Woolhandler, "A National Health Program for the United States: A Physician's Proposal," *New England Journal of Medicine*, January 12, 1989, pp. 102–108.

²Edward Neuschler, "Canadian Health Care: The Implication of Public Health Insurance," *Health Insurance Association of America Research Bulletin* (Washington, D.C.: HIAA, 1990).

widespread political interest in substantial change, and the Canadian example has been used widely enough for criticism to warrant counterattack from those with the greatest stake in the status quo.

Contrary to the message of the AMA and the HIAA, the Canadian system not only works reasonably well—it pays for universal access to ordinary medical care, maintains a generally high level of quality, is administratively efficient, and restrains the growth of health-care costs far more effectively than any of the myriad cost-containment schemes tried in the United States—but is as adaptable to American circumstances as one could imagine a foreign model to be.

CAN THE US LEARN FROM ABROAD?

Canada, France, and Germany provide their citizens with universal health insurance coverage at a cost of between 8 and 9.5 percent of gross national product (GNP). Britain, Japan, and Australia provide it for between 6 and 8 percent of GNP. The United States, as is so often noted, spends more than 12 percent of GNP on health care—more than any other country—and yet ranks below all the members of the Organization for European Cooperation and Development in terms of infant mortality and life expectancy. Yet for all the money spent, there are still some 35 million Americans without health insurance, and an undetermined number who have inadequate insurance. The United States is obviously doing something wrong.

When other countries achieve what the United States says it would like to attain, it makes good sense to look abroad. But for Americans there are particularly revealing difficulties in looking abroad for lessons—whether in government or commerce. The American public is somewhat skittish about America's uniqueness, educated to believe in a special mission and character of this "city on a hill." Crossnational comparisons can easily arouse xenophobia, with defenders of the status quo ever ready to invoke the claim that "America is just different."

Three dangers complicate the politics of American-Canadian health-care policy arguments. First is the widespread incidence of well-financed distortion, the myth-making exemplified by the AMA campaign. Second is the mistaken notion that if there is any way in which the two nations differ, they are not "comparable." (There are some hilarious examples of this fallacy of comparative difference in the recent media attention to

Canada. One claim of Canada's irrelevance to the United States, written by a "surgeon from White Plains" for the opinion page of *The New York Times*, noted the fact that 90 percent of Canada's population lives within 100 miles of the American border.)³

Less hilarious but more important working illustrations of the fallacy of comparative difference show up regularly in the comments of American health-care policy analysts. For instance, Alain Enthoven, a Stanford University economist who has closely examined American medical reform, frankly admits Canada's superior performance but challenges its relevance. In a debate in the summer of 1990 about what to do about America's medical "mess," Enthoven argued against wasting any more time talking about Canada. Canadian culture and politics are so different, he alleged, that a serious attempt to borrow from their undeniably good experience was "off the radar screen of American possibility."⁴

The assertion that Canada's experience is not relevant is supported by sociologist Seymour Martin Lipset in his recently published work.⁵ According to Lipset, Canadians respect government far more than Americans do, a contention buttressed by the difference between the Canadian founding document and the American Declaration of Independence. According to their charter, Canadians are committed to "peace, order, and good government," while Americans look to the individualistic "pursuit of happiness."

Never has so much been claimed with so little evidence; serious comparative research on public opinion shows no fundamental difference between the North American publics—a somewhat wider range on the Canadian left to be sure, but a distribution that leads most comparativists to group the United States and Canada together as similar liberal democracies in their creeds.

Canada's path to and experience with national health insurance provides American policymakers with a perfect opportunity for crossnational learning. The United States shares with Canada a common language and political roots, a comparably diverse population with a similar distribution of living standards, increasingly integrated economies, and a tradition of fractious but constitutional federalism that makes political disputes similar though obviously not identical. Moreover, until Canada consolidated its national health insurance in 1971, the patterns and styles of medical care in both countries were nearly identical. (Indeed, Canadian regulators used the United States Joint Commission on Hospital Accreditation to judge their hospitals' acceptability until well after World War II.)

Three questions emerge in examining the Canadian health-care experience. The first is whether Canada's medical-care system is truly exemplary and worth importing. The second is whether a Canadian-style program is politically feasible in the United States. And third, even if desirable as a model and politically accept-

³*The New York Times*, May 30, 1991, p. 25.

⁴Reported in Theodore R. Marmor and Jerry Mashaw, "Canada's Health Insurance and Ours: The Real Lessons, The Big Choices," *The American Prospect*, vol. 1, no. 3 (Fall 1990), pp. 18–29, and not denied in an exchange of letters in the subsequent issue of the journal.

⁵Seymour Martin Lipset, *Continental Divide: The Values and Institutions of the United States and Canada* (New York: Routledge, 1990).

**Physicians per 100,000 people,
United States and Canada**

YEAR	United States	Canada
1965	155	130
1970	159	146
1975	178	172
1980	201	184
1985	224	206
1987	234	216

Source: Organization for Economic Cooperation and Development, *Health Care Systems in Transition: The Search for Efficiency* (Paris, 1990), tables 27 and 61.

able, can Canadian national health insurance be adapted to American circumstances?

CANADA'S EXEMPLARY PERFORMANCE

The basic outline of Canada's national health insurance is clear. The federal government conditionally promises each province that it will prepay roughly 40 percent of the costs of all necessary medical care. The federal grant is available so long as the province's health insurance program is universal (covering all citizens), comprehensive (covering all conventional hospital and medical care), accessible (no limits on services and no extra charges to patients), portable (each province recognizes the others' coverage), and publicly administered (under control of a public, nonprofit organization). All 10 provinces maintain health insurance plans satisfying these criteria. The provincial ministry of health is the only payer in each province. There are no complex eligibility tests or complicated definitions of insured services. Administrative costs, as a consequence, are negligible by American standards.

The practical dynamics of Canada's program are also simple, at least in outline. Annual negotiations between provincial governments and the providers of care determine the hospital budgets and the level of physicians' fees. As in the United States, most hospitals are nonprofit community institutions and physicians practice (under fee-for-service payment) in diverse individual and group settings. Patients choose their own doctors; doctors bill the province; and hospitals work from global budgets, not itemized billings. Disagreements over insurance claims, gaps in coverage, and bureaucratic incomprehensibility are, for practical purposes, nonexistent. Canadian patients and providers never have to file multiple claims to different insurers. (American Medicare beneficiaries might well have to file claims with three or

more insurers, and a physician or hospital treating Medicaid patients might have to wait six months or more for payment.)

Most of the negative effects economic theory and Canadian doctors predicted—worrisome physician flight, rationing of lifesaving care, long queues, and technological obsolescence—have not emerged. There is, and has always been, some movement of highly trained, highly prized personnel from Canada to the United States. Physicians are no exception. But this trend was not greatly affected by Canadian national health insurance, and the numbers have always been small, not enough to offset a steady increase in the number of practicing physicians. As the table on this page shows, Canada's physician-population ratio has been, and remains, comparable to that of the United States.

At the outset, the existing physician fee schedules of provincial medical associations were accepted by the provincial governments, although in most provinces payments were initially set somewhat below 100 percent to reflect the elimination of a doctor's risk of unpaid debts. Since that time, changes in the fee schedules have been negotiated by provincial medical associations and ministries of health. The typical process of setting fees is one of extended negotiation, not unilateral imposition. Physicians were the highest-paid professionals in Canada before the introduction of universal medical insurance; they still are.

RATIONING CARE

Canada does ration medical care. So does the United States and every other country in the world. What counts is not the presence of rationing (or allocation) but the basis for and the extent of restricted access to health care. The United States continues to ration by the ability to pay—a process largely determined by race, class, and employment circumstances. Access to care and the quality of care vary enormously, and many in the United States—particularly the poor or poorly insured—experience long waiting lists and substandard facilities, if they receive care at all. By contrast, Canada and most other developed countries try to provide a more uniform standard of care to the entire population. Medical care is allocated largely on the basis of relative medical need, which is determined by physician judgment, not by insurance status, bureaucratic rules, or arbitrary age limits.

At certain times and in some places, substantial waiting lists for selected surgical and diagnostic procedures occur. But the overall rates of hospital use per capita are considerably higher in Canada than in the United States. Most patients are cared for in a timely manner, and long waiting lists reflect managerial problems more than chronic shortages of facilities. Emergency care is available immediately to everyone.

There is no question that some expensive, high-technology items are not as available in Canada as they are

in the United States. Canada has a full range of high-technology facilities, but in considerably less abundance and with little competition for market share. Expensive capital equipment is first approved only for highly specialized centers, and subsequent diffusion is closely controlled by provincial ministries of health. This control results in lower rates of use for some technologies in Canada—cardiac surgery, magnetic resonance imaging, lithotripsy, and so on (see the table on this page). This is not necessarily a bad thing. Throughout North America, there is concern about the appropriate use of expensive new procedures. Inappropriate use is both financially costly and medically dangerous to patients.

The quality of a nation's health care is never simple to measure. Many critics view the slower diffusion and limited use of some new technologies in Canada as evidence of lower quality care. If quality is defined as more high-technology services regardless of relative effectiveness, then the United States certainly offers higher quality medical care. If, however, quality is defined by health results rather than by the use of high technology, then there is no evidence of a Canadian disadvantage. If life expectancy and infant mortality measure the quality of a health-care system, Canada has a definite advantage. And if consumer satisfaction is a critical component of quality, then both polls and political behavior put Canadian national health insurance well in the lead.

The generally high levels of Canadian satisfaction suggest the importance of the way health-care quality is distributed. When quality is defined as the best technologies and facilities available to the most privileged members of a population, rather than as the facilities available to the average individual, American medical care ranks among the best in the world. But major aspects of American medical care—the limited extent of immunization, the large number of pregnant women without regular medical attention, and the risk of bankruptcy from illness—would be considered intolerable in other comparably wealthy countries. Canada has fewer centers of technological excellence, but the average level of care is, by any definition, at least equal to that in the United States.

ADAPTING CANADA'S HEALTH-CARE SYSTEM

What would make the Canadian option not only more attractive to the American electorate, but also easier to implement in the American context? Part of the answer lies in distinguishing the necessary from the incidental elements of the Canadian success story in universal health insurance. The Canadian program combines three features that have made its cost, access, and quality acceptable over nearly 20 years of full-scale operation.

One of the features is universality of coverage. All Canadians are insured on the "same terms and conditions." This universality has made it politically impossible in Canada to deal with cost pressures by stealth or

Comparative Availability of Selected Medical Technologies, United States and Canada

(Units per million people)

MEDICAL TECHNOLOGY	US	Canada	Ratio: US/Canada
Open-heart surgery	3.26	1.23	2.7:1
Cardiac catheterization	5.06	1.50	3.4:1
Organ transplantation	1.31	1.08	1.2:1
Radiation therapy	3.97	0.54	7.4:1
Extracorporeal shock wave lithoscopy	0.94	0.16*	5.9:1
Magnetic-resonance imaging	3.69	0.46	8.0:1

Notes: United States data are for 1987, Canada for 1989 except where indicated.

*1988

Source: D. A. Rublee, "Medical Technology in Canada and the U.S.," *Health Affairs*, Fall 1989, p. 180.

to permit end runs around the controls. Second, there is a clear center of financial responsibility in Canada: a ministry of health or its equivalent in each province. Financing medical care under concentrated rather than fragmented auspices is crucial to the third component of Canada's system: clear political accountability for the cost and quality of and access to Canadian medical care. These three features—universal access, a responsible financing agency, and accountable political leaders to answer for the balance among cost, quality, and access—explain why Canada's performance has been superior to that of the United States.

But what do these features of the Canadian model mean for possible American adaptations? What sorts of changes could be made without losing what has been necessary for Canada's relatively successful experience with national health insurance?

Canada's universalism is strong in two ways. Every Canadian is literally on the same provincial health insurance plan as his or her neighbor—the equivalent of every Californian belonging to one Blue Cross/Blue Shield plan. What's more, Canadians have the same coverage under their provincial plan: "equal terms and conditions," not varied options. In the health sphere, Canada is probably more egalitarian than any other comparable industrial democracy. Private insurers are forbidden by law to sell supplementary coverage for publicly insured services. And to maintain the "equal terms" of access, Canadian doctors since 1984 have for all practical purposes been prevented from charging

patients anything above the government's fee schedule.

Not all of these Canadian features are necessary for an acceptable form of universal health insurance. Canada did not start with such a firmly egalitarian version. The Hall Commission of 1964–1966, the royal commission that justified extending government hospital insurance to medical care, defined universal coverage as no less than 95 percent of the citizens in each province. While desirable on egalitarian grounds, literal universality has not been a necessary feature of Canada's success. American reformers need not insist on Canada's strong contemporary form of universal enrollment.

"Uniform" conditions would also be less compelling than in Canada. For Americans to be in the same boat does not necessarily require that the boat's cabins all be the same size or have the same view. What is essential is that the health insurance boat include most Americans on roughly comparable terms.

It is on the issue of the terms of benefits and the constraints on "supplementation" that the most acrimonious disputes are likely to break out. Could the United States (or a state) forego the Canadian ban on supplementary health insurance for services covered under a universal plan without losing financial control? Would it be unacceptable to permit physicians (or other medical professionals paid under fee-for-service arrangements) to charge their patients more than the agreed-on schedule of fees?

The answer here is ambiguous. On the first point, Canada has never experimented. But other nations with acceptable national health insurance programs have supplementary insurance that coexists with public coverage. As for charges that are above negotiated rates ("extra-billing" or "balance-billing" in the jargon of health economics), the answer is clearer. The ability to contain medical costs depends on establishing firm limits; extra-billing violates those limits and reintroduces barriers to access that universal health insurance is meant to lower. No successful national health insurance program has permitted this practice for long; Canada found over time that balance-billing became a serious problem in many communities, threatening both the uniformity of treatment and the access to treatment itself. Both supplementary insurance and extra-billing, when widespread, threaten equitable cost control.

FINANCING NATIONAL HEALTH CARE

Whether Canada's concentration of finance in provincial ministries of health has been crucial to its successful control of medical-care costs is the second issue to evaluate. Is the location of responsibility at the provincial as opposed to federal level vital? The other key question is whether Canada's public financing and direct governmental administration are required for political accountability: an identifiable budget accounts for a jurisdiction's overall health expenditure.

The crossnational evidence on the first question sug-

gests that it is the concentration of financial responsibility, not its precise location, that is crucial to countervailing inflationary health-care cost pressures. Canada, by constitutional requirement, had no choice but to use provincial governments to administer health insurance. Great Britain, by contrast, concentrates financial responsibility in the national Ministry of Health, and Sweden does so in each of its county councils. The lesson for the United States is that there are options.

The second, more difficult question concerns the direct accountability of the processes by which health-care funds are raised and spent. Public financing makes Canadian outlays for health highly visible. At the same time, Canadian provinces could, and some did, use pre-existing health insurance companies as political buffers between physicians and the government. In the mid-1960s, Ontario used these intermediaries to manage the flow of funds and the processing of claims. Such a buffer seemed important then as a concession to the deep hostility many Canadian doctors felt regarding government medical insurance. In fact, the Canadian provinces that used financial intermediaries at the outset abandoned them after a few years. They made administration complicated and more expensive and, once their role in moderating conflict was no longer necessary, they seemed useless (except to the insurance companies).

One can certainly imagine the use of such intermediaries in the United States. This, after all, has been the pattern with American Medicare since 1965—an arrangement that draws on private expertise and "economizes" on the number of public employees. Canadians found such indirect management cumbersome and more expensive to manage than direct administration. But contracting out financial tasks is certainly, on the Canadian evidence, compatible with political accountability.

In the United States of the 1990s, however, the crucial political problem facing national health insurance advocates is the public's hostility toward increased taxes. Can one imagine Canadian-style government health insurance working without direct public finance? In other words, what would be lost if, for example, state regulatory authorities set the terms of medical-care financing, negotiated with hospitals and physicians, and required that employers finance health insurance directly or pay into a state fund a fixed amount per employee? However the point is phrased, the question remains the same: Is it possible to have the right level of countervailing power without the fusion of taxing and negotiating responsibility?

The answer to that question is far from obvious. In some European countries—Germany in particular—national and state governments have played a powerful regulatory role without Canada's single-payer feature. The German government constrains the negotiations among physicians, hospitals, and the thousands of sickness funds without channeling social insurance financ-

ing through conventional public tax accounts. It sets the rules by which the parties operate and each of the sickness funds faces the full financial consequences of its members' medical care. There is both financial accountability and complicated administration in the German example. What the United States should notice is that it does not have the German history of lifelong involvement with one health insurance institution.

What this suggests is that the degree of responsibility for health financing—and the clarity about where that accountability lies—is not solely determined by the details of public finance. There are forms of mandated health insurance, which finances care on terms negotiated by public officials, that might closely resemble in practice the publicly financed, compulsory health insurance program found in Canada.

It is certainly possible to imagine mandated universal health insurance—with workable regulations drawn from German experience—working tolerably well in the United States. Such arrangements could address the problems of inflation, inadequate coverage, and political accountability, but less effectively than a system modeled after Canada's. The United States should be under no illusion here; there are choices available, with different tradeoffs among acceptability, effectiveness, and administrative complexity. What the United States has at the moment is a vicious circle of trouble; a system like Canada's is possible, but a less direct program would be an improvement.

This sort of reasoning led some policy analysts to suggest adapting the Canadian model along the lines suggested earlier. Their proposal treats the state health department as the negotiating agent of universal health insurance, insurance made universal by the accretion of mandated coverage for workers and their families, Medicare for those over 65 and the disabled, Medicaid for the poor, and a new insurance plan for those not in these categories. No one starting from a blank slate would seek this rather complicated version of universal coverage through aggregation, clear public responsibility for costs, and decentralized administration. But, as a third choice, it should be tolerable.⁶

THE CASE FOR THE CANADIAN MODEL

In the early 1970s, American experts paid considerable attention to Canada's recently completed program

of national health insurance. That scrutiny was part of the substantial interest in an American form of universal health insurance. When the realities of stagflation in the 1970s and early 1980s removed national health insurance from the American political agenda, the lessons of Canada's experience were put aside, hardly noticed except by specialists in health policy. The reawakening of American interest in Canada comes without anything like a widely shared American appreciation of how Canadian health insurance works in practice.

The result of that disparity between interest and knowledge is a very uneven discussion of what the United States can and cannot learn from its neighbor to the north, let alone what adaptations to American circumstances a conscious effort to borrow from Canada's example would entail. Instead, the discussion of Canadian health insurance resembles a shouting match, with enthusiasts pointing to evidence about citizen satisfaction and relatively low expenditures per capita and detractors arguing either that Canada is too different for the United States to take seriously as a model, or that the model itself is terrible because it creates long lines, causes doctors to emigrate, and disappoints patients.

If there is any country from which the United States can learn, it is Canada. Having had similar medical-care arrangements for most of the twentieth century, Canada and the United States have conducted over the past 20 years a fateful experiment in forms of medical finance. It is two decades and hundreds of billions of dollars too late to contend that the United States should have acted on Canadian lessons in the early 1970s. That option was simply not politically available in the economic aftermath of the first oil crisis in 1973. But that does not mean, in the 1990s and beyond, that Americans cannot learn from Canada's example.

The central lesson of the Canadian experiment is that the balance among cost, quality, and access is relatively easy to evaluate. What Canada illustrates clearly is that a sensibly organized national health insurance system can work in a political community like that in the United States, that universal coverage, coherent financial responsibility, and clear political accountability are the central ingredients of success, and that a population accustomed to the same standard of medical care as the United States can take pride in what in essence are 10 provincial Blue Cross/Blue Shield plans with comprehensive benefits to which everyone belongs as a matter of right. If that were understood clearly, the problems of adapting the Canadian model to America would seem less daunting. ■

⁶Theodore R. Marmor, "The Future of American Medical Care" (Testimony before the Joint Economic Committee of the Congress of the United States, October 2, 1991).

Canada's economy is currently in a slump. But "the recession will not last forever, and signs are emerging that Canadian manufacturing is poised for strong growth when the recovery begins."

Making the Transition to Free Trade

BY PETER MORICI

By all appearances, Canada has a productive and influential economy. Per capita income in 1989 was \$19,030 (as compared to \$20,010 for the United States).^{*} It is a member of the Group of Seven industrial countries that map strategy for the global economy, and it is a key player in the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund (IMF), and, especially, the World Bank and other forums focusing on the needs of developing countries.

Canada enjoys with the United States the world's largest bilateral trading relationship—nearly \$180 billion annually. The flip side of this is that Canada depends on the United States for about 75 percent of its exports and 70 percent of its imports. Canada is also highly dependent on foreign capital, especially from the United States: 75 percent of all foreign investment is held by Americans, and foreign multinational corporations account for about 45 percent of Canadian mining and manufacturing sales.

In 1989, Canada strengthened trade ties with the United States when a free-trade agreement came into force between the two countries. This agreement, the most comprehensive commercial arrangement between any pair of GATT members outside the European Community (EC), gives Canada unfettered and preferential access to the United States market—the largest single-currency market in the world.

The Canadian economy, however, must undergo a

series of wrenching adjustments to take advantage of the free-trade agreement. These adjustments, as well as other global economic developments, have put the economy in transition. Nevertheless, it is a transition from which Canada's economic institutions will emerge fundamentally strengthened.

THE CANADIAN ECONOMY IN BRIEF

Historically, Canada's comparative advantages have come from its enormous resource wealth. From the 1600s through the early 1960s, the country's economic development was driven by a succession of staple exports—fish, furs, lumber, pulp and paper, wheat, minerals and metals, and oil and gas. For most of this century, Canada has found vibrant markets in Europe for these products. During World War II and up through 1970, the United States became the market for 75 percent of Canada's exports and American investments increased to levels perceived by many Canadians as threatening national sovereignty.

Since 1960, a variety of forces have reduced the potential for expansion of Canada's commodity exports. Canadian grain producers, who are even more dependent on foreign markets than American farmers, must cope with European and Japanese protectionism as well as limited demand in the cash-strapped third world. Prospects for substantial expansion of lumber and pulp and paper exports are constrained by timber supplies. Substitute materials and new technologies limit increased exports of metals, including nickel, copper, zinc, and lead. Environmental considerations constrain the prospects for the asbestos industry, and require major new investments in the pulp and paper industries. During the 1980s, real export prices for most of these products were flat or falling. The contribution of agriculture and natural resources to Canadian exports fell from 84 percent in 1960 to 58 percent in 1980, and to 49 percent in 1989.

Manufacturing is a different story. The motor vehicle industry has occupied a central position in Ontario and, to a lesser extent, Quebec since the Automotive Agree-

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^{*}Editor's note: All figures are in United States dollars unless otherwise indicated.

ment of 1965 established duty-free trade in automobiles between the United States and Canada.¹ Motor vehicle exports have fluctuated significantly but have averaged about 25 percent of Canadian foreign sales over the past 25 years. The share of exports by other manufactures increased from 10 percent in 1960 to 15 percent in 1980, to about 22 percent in recent years. This growth reflects improved Canadian comparative advantages such as easy access to cheap raw materials in secondary manufacturing.

The shift in export emphasis was not the result of dynamic progress by Canada's manufacturers but a reaction to decreasing foreign sales of commodities. However, to make Canadian manufactures competitive on the world market, Canadian manufacturing workers, like their American brethren, had to accept a reduction in their wages relative to those paid to workers in Asia and Europe. During the 1980s, inflation-adjusted wages fell about 3 percent in Canada and about 9 percent in the United States, in contrast to gains of 17 percent in Japan, 14 percent in Germany, and a surprising 29 percent in Britain.

Like the United States, Canada has had to place greater emphasis on technology-intensive manufacturing and skill-intensive services if it is to stay competitive and offer its citizens prospects for rising real incomes. As in the United States, this transformation has been made more difficult by the inability to exploit fully the opportunities offered by new computer-assisted manufacturing technologies and by workforce problems. And, as in the United States, employers complain that young workers are not acquiring in high school the skills necessary to operate state-of-the-art technologies effectively, and that industry training programs for new technology are inadequate.

Canada, however, is in a weaker position than the United States in facing the challenges of competitive renewal. Canadian manufacturing is much more concentrated in low- and medium-technology activities than United States manufacturing. Expenditures for research and development account for only about 1.4 percent of gross national product (GNP) in Canada, compared with nearly 3 percent in Japan, Germany, and the United States.

In addition, until GATT's Tokyo Round of multilateral trade negotiations in 1979, which resulted in substantial tariff reductions, Canadian manufacturing was

protected by high tariffs and, at times, by generous government subsidies. These encouraged an overdiversified, fragmented, and lethargic manufacturing sector that was largely concentrated in southern Ontario and Quebec.

To scale the tariff wall and obtain government benefits, British and American multinational corporations invested in Canada. However, their plants, like those of indigenous Canadian manufacturers, were oriented toward the small domestic market. Canadian manufacturers, outside the export-oriented metals, minerals, forest-products, and automotive sectors, made many products in quantities too small to achieve adequate economies of scale, were dependent on parent company technology and management systems, and adopted new methods and ideas only after they were proved in the United States, Western Europe, and, more recently, Japan.

TRUDEAU'S INDUSTRIAL POLICY

The government of Prime Minister Pierre Elliott Trudeau recognized the problems plaguing Canadian industry. In the 1970s it committed itself to reducing tariffs through the Tokyo Round talks. The Trudeau government then embarked on an ambitious and expensive industrial policy to counteract the effects of the tariff cuts, to modernize manufacturing and reorient it toward high-technology pursuits, and to circumscribe the influence of American multinationals on Canadian development. Trudeau used a variety of means to accomplish these objectives: new subsidies and technical assistance programs; domestic procurement preferences for and government equity positions in fledgling high-technology companies; aggressive screening and performance standards for new direct foreign investment; and efforts to buy back control of the oil and gas industry from foreign owners through the 1980 national energy policy.

Trudeau's policy failed on two counts. First, the competitiveness of Canadian industry did not improve. Before signing the free-trade agreement with the United States in 1988, Canadian manufacturing productivity stood at about 70 percent of American levels—slightly less than in 1970. After taking into account the high productivity of Canada's resource-processing and automotive industries, productivity in the rest of Canadian manufacturing was actually about half the American levels.

Second, Trudeau's industrial policy soured relations with American multinational corporations and the United States government. Except for the oil and gas industries, the purpose of foreign investment screening was to redirect, not to scare off, American investors. Instead, Canada's aggressive policy first slowed foreign investment and then encouraged capital flight. After Ottawa implemented its most aggressive screening policy in 1980, 5.4 billion Canadian dollars (Can\$) in direct foreign investment left the country in 1981 and 1982, exceeding the Can\$4.8 billion attracted during the entire decade of the 1970s. Clearly, Canada was losing the cap-

¹Before the Automotive Agreement of 1965, Canadian manufacturing productivity stood at 63 percent of American levels. After the benefits of this act were felt, productivity levels in the automotive sector reached those in the United States, and average manufacturing productivity rose to 72 percent of American standards by 1970. The agreement demonstrated that duty-free access to the United States market allowed rationalization of Canadian manufacturing and the establishment of world-class industries.

ital, technology, and international marketing expertise it badly needed to transform its aging industrial base—and it was also damaging relations with American business, especially with its attempts to buy back the oil and gas industry and regulate American investment.

In reaction, the United States brought complaints about Canadian trade practices before GATT, and Canadian exports became the target of a barrage of protectionist actions by the United States. Duties and quotas were fairly imposed on subsidized Canadian products—for example, processed fish—but also unfairly imposed on goods that were less expensive to make in Canada—for example, certain steel products.

Prime Minister Brian Mulroney, elected in 1984, recognized that Canada could not afford a nationalist industrial policy, both for financial reasons and because it needed to preserve good relations with the United States. He reversed the national energy policy proclaimed by Trudeau, greatly curtailed subsidies, and sought a free-trade agreement with the United States.

THE FREE-TRADE AGREEMENT

From the perspective of the United States, the free-trade talks were an opportunity to eliminate higher Canadian tariffs and to lock in Canada's reforms of its foreign investment and energy policies, as well as to resolve some industry-specific disputes that had built up during the Trudeau years. From the Canadian perspective, the essential purpose of the free-trade agreement was not to eliminate American tariffs but to secure for Canadian industry guaranteed access to the American market.²

The free-trade agreement gave both Canada and the United States essentially what they wanted. Tariffs and most quotas will be eliminated by 1998, foreign investors are generally free to cross the border, and a special dispute-settlement process has been established to ensure that neither the United States nor Canada imposes countervailing duties on imports that are not subsidized. Similar processes have been put in place to deter other arbitrary trade actions, and these have already reversed several actions by both sides and upheld others. The dispute-settlement process has been given high marks by the government officials, trade lawyers, and economists who comprise the Ottawa-Washington trade policy community.

For both countries, free trade will entail adjustments. In the United States, aside from the nonferrous metals sector, the adjustments are expected to be mild; Canadian imports make up only a small share of the American market.

This will not be the case in Canada. The agreement has turned up the heat another degree on Canadian low-

and medium-technology firms to adopt new methods, move to lower cost environments, or go out of business. But free trade is also attracting major new investment that is creating enterprises in Canada capable of winning major shares of the American and global markets.

A quick reading of the popular press would seem to confirm suspicions by some that free trade is deindustrializing Canada. Articles in *The Wall Street Journal*, *The New York Times*, *The Globe and Mail*, and *Business Week* tell of employers leaving Ontario for the United States and relate the sagas of companies (many of them smaller firms) faced with Ontario's higher wages and taxes, recalcitrant unions, and burdensome provincial regulations abandoning genteel Toronto for blue-collar Buffalo and points farther south, such as Tennessee. It would seem that free trade is the bogeyman of the Canadian economy.

These articles are not balanced by reports from other firms and entrepreneurs that continue to invest, modernize, and serve worldwide markets from Canada, such as Bombardier and Boeing in commercial aircraft, Northern Telecom in telecommunications equipment, and MacMillan Bloedel in forest products. They do not consider the firms facing new import competition that have rationalized production and adopted advanced methods, such as Weston (Canada's second-largest food processor), Camco (Canada's largest manufacturer of major appliances), and CCL Industries (a major manufacturer of consumer and household products for firms like Nabisco and Procter and Gamble). They fail to note the successes of small, unlikely Canadian competitors such as Alias, which designs computer graphics software in Toronto, and Dutailier, which makes rocking chairs in St.-Pie-de-Bagot, Quebec.

Unfortunately, these articles are classic examples of drawing sensational conclusions from anecdotal evidence. They sell newspapers and magazines to Americans anxious about similar consequences arising from a free-trade deal with Mexico and to Canadians worried about the current recession and their future generally.

From the start, the free-trade agreement's elimination of Canadian tariffs was expected to provide one more incentive for Canadian firms in low- and medium-technology activities—who are generally more sensitive to blue-collar labor costs, strict work rules, business regulation, and taxes—to move. However, as the foreign investment data noted earlier indicate, companies and capital were leaving Canada at a rapid pace before free trade. The important questions to ask are: Why are firms leaving? Are new factors other than free trade adding to incentives to leave Canada? Are investments in other activities increasing to replenish the Canadian economy?

In 1990, the Royal Bank of Canada surveyed firms that had recently moved or were planning to move facilities to the United States. Respondents said their reasons for moving included substantially higher labor costs, taxes, interest rates, and the strong Canadian dollar. Free trade ranked eighth.

²As a result of the Tokyo Round agreements, American tariffs were to fall to an average of only 4 to 5 percent on certain goods, and the United States would admit 70 percent of Canadian goods free of tariffs.

This list of reasons brings up several developments that occurred simultaneously with the free-trade negotiations and the agreement's implementation. The free-trade agreement came into force in January 1989—near the end of an economic recovery. Six months later, employment throughout Canada began to fall. By this March total employment had declined from 10.6 million to 9.5 million. Manufacturing lost 435,000 jobs—about one-third more than were lost during the 1981–1983 slump. But coincidence is not causality: just because a recession began after the agreement took effect does not mean free trade cost Canada all or even half those jobs. Most of the manufacturing jobs were lost because of cyclical economic phenomena. Why were so many manufacturing jobs lost? Three other sets of factors, in addition to recession and free trade, were in play.

First, the Bank of Canada has pursued a tight money policy since 1986, which has raised real interest rates in Canada well above those in the United States and has steadily increased the value of the Canadian dollar, from US\$0.70 in 1986 to US\$0.88 in 1991. This 25 percent appreciation in five years has done far more to lower the cost of imports and to erode Canadian competitiveness than will the elimination of an average tariff of 10 percent on 35 percent of imports (the balance of imports are unaffected) by 1998.

Moreover, Canadian taxes are generally higher than those in the United States because of spending for national health insurance, a broader social safety net, and a more generously subsidized system of higher education, and because of greater physical infrastructure needs. Since this is a nationwide phenomenon, a weaker Canadian dollar can generally be expected to compensate for the effects on Canadian cost structures, but the Bank of Canada's policies have deprived the Canadian economy of this palliative.

Second, compared with American labor unions, Canadian unions have taken much tougher stances in negotiations regarding wages and work rules. The resulting contracts have had a profound effect on comparisons between American and Canadian wage rates, productivity, and unit labor costs—especially in light of the appreciation of the Canadian dollar.

In 1986 the typical manufacturing worker earned \$13.21 an hour in the United States and \$11.00 in Canada. By 1990 their positions had switched—\$14.83 in the United States and \$15.94 in Canada. Meanwhile manufacturing productivity advanced 14 percent in the United States and only 3 percent in Canada. Consequently, average unit labor costs declined slightly in the United States but jumped 31 percent in Canada.

Third, in September 1990, Ontario elected a New Democratic party (NDP) government. Its predecessor Liberal government had already installed progressive economic measures such as compulsory comparable-worth wages. Now the NDP, which may be viewed as a social-democratic party by many Canadians but is seen as a

socialist party by the American private sector, has indicated it would like radical changes in Ontario's Labor Relations Act—including measures businesses perceive as tipping the employer-union power balance decidedly in favor of unions. These and other proposals have frightened both Canadian and American investors.

None of these factors need be a permanent feature of the Canadian landscape. If a looser monetary policy were pursued, it would permit the Canadian dollar to fall to levels that would bring relative American and Canadian manufacturing costs into proper alignment. Regardless of whether the federal government scales back social spending, Canadian taxes will remain high, and exchange-rate adjustments will compensate. If Canadian unions continue to insist on wage gains that are not backed up by productivity gains, exchange-rate adjustments will compensate for that as well.

In Ontario, the NDP is already moderating its reform inclinations—for example, it recently shelved a proposal to extend the private liability of corporate officers and board members in the event of company bankruptcies. Bob Rae does not want to be a one-term premier of the province, and his government, in time, will respond to what the market will bear. Business regulation will continue to be more progressive in Ontario than elsewhere in North America, but it will not be outside the bounds of competitive behavior.

Also, although Ontario accounts for 43 percent of the Canadian economy, it is not the only actor in the country. Continuing constitutional conflict regarding Quebec, which accounts for 25 percent of Canadian industry, distract attention from the pro-business environment that has developed in that province in the last decade. A vibrant cadre of French-Canadian entrepreneurs, industrialists, and financiers has emerged in this "Quiet Revolution."

Also, the recession will not last forever, and signs are emerging that Canadian manufacturing is poised for strong growth when the recovery begins. During 1988 and 1989, the last two years of the recent expansion, investments in new commercial structures and equipment were very strong—rising 10 percent each year and accounting for a combined share of GNP much greater than in the United States.

Since free-trade negotiations began in 1986, foreign investment in Canada has risen to unprecedented levels, and in 1990, for the first time since 1973, investment in Canada by foreigners exceeded investment by Canadians abroad. The foreign capital flowing into Canada from the United States and elsewhere is much greater than the dowries of the firms fleeing Canada for the United States. To conclude that Canada is deindustrializing, on the basis of the stories of firms and plants heading south on the Peace Bridge, is similar to concluding that Manhattan's population is decreasing based solely on a monitoring of the westbound traffic on the George Washington Bridge. ■

For much of its history, the United States has considered Canada a good "neighbor to the north," one with which it shares similar political values and economic systems. But these similarities are accompanied by vast cultural differences between the two countries, as Seymour Martin Lipset notes.

Canada and the United States: The Great Divide

BY SEYMOUR MARTIN LIPSET

As the controversy over the free-trade agreement between the United States and Canada has developed, Canadian nationalist intellectuals have expressed fear that greater economic integration in North America will lead to the extinction of English-speaking Canada as a separate culture and, ultimately, as part of an independent nation.* They have suggested that in order to compete in a North American common market, Canada and its provinces will have to give up many of the social-welfare and public-benefit policies that have distinguished them as polities more socially democratic than the United States.

No corresponding anxieties have been voiced by Americans. There has, of course, been considerable debate about the impact of the free-trade agreement on the American economy. But those involved in American cultural activities have not reacted to the possibility of increased competition from their Canadian compeers, or to the potential inherent in a larger cultural market. And since few in the United States have seriously considered the possibility that the agreement could eventually lead to their incorporation into a common North American polity, there has been no analysis of the possible effects of Canadian participation in a single political system with the United States.

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In this essay, I try to interpret aspects of North American cultures as reflections of the key organizing principles that derive from their varying histories and ecologies. The central argument is that Canadian society has been a more class-aware, elitist, law-abiding, statist, collectivity-oriented, and group-oriented than that of the United States, and that these fundamental distinctions stem in large part from the defining event that gave birth to both countries, the American Revolution, and from the diverse ecologies flowing from the division of British North America. The social effects of this division have been subsequently reflected in, and reinforced by, variations in literature, religious traditions, political and legal institutions, and socioeconomic structures that have been created in each country.

THE BACKGROUND

Given the contrasts between the American historical experience and the Canadian, it is not surprising that the peoples of the two countries formed their self-conceptions in disparate ways. The emphases on individualism and achievement by the American colonists were important motivating forces in the launching of the American Revolution, and were embodied in the Declaration of Independence. The manifestation of such attitudes in this founding event, and their crystallization in a historical document, provided a basis for their reinforcement and encouragement in what became a populist format throughout subsequent American history. The ideology of the American Revolution, which was egalitarian and classically liberal (that is, antistatist), has provided a *raison d'être* for the republic, explaining why the United States came into being and what it means to be American.

Canada, by contrast, has continued to debate its self-conception. The country began as the part of British North America that did not support the Revolution, and Canadians have continued to define themselves by reference to what they are not—American—rather than in

terms of their own national history and tradition. There is no ideology of "Canadianism" that is comparable to "Americanism."

Unlike the United States, Canada evolved gradually as an independent nation. The unification of the provinces of British North America into the Dominion of Canada in 1867 was not an act in defiance of the British Crown; instead, it reflected the fact that the British had sought for some decades to give up much of their responsibility for the North American territories, while retaining them as part of the British Empire. The leaders of the confederation movement were mainly Conservatives who preferred strong ties with Great Britain. As William Stahl reports, "Devotion to the Crown was the one element that all the Fathers of Confederation shared."¹

The link with Britain has persisted to the present day and has, to some extent, inhibited the emergence of a distinctive Canadian identity. Until 1982, the constitution of the Canadian federation was the British North America Act, proclaimed by Queen Victoria. From its passage in 1867 until the adoption of the Constitution Act of 1982, Canadians had to petition the British House of Commons for any amendment to the act. Before 1949, the ultimate court of appeals for Canada was the Privy Council of Great Britain. Canadian lawyers had to go to London to argue constitutional cases as well as other kinds of appeals. The 1978 Immigration Act gave Canadians a distinct citizenship for the first time. The Maple Leaf only became the national flag in 1965, and not until 1980 did "O Canada" replace "God Save the Queen" as the national anthem.

A more enduring British influence has been Toryism, which took root, survived, and deeply influenced Canadian culture and politics. Some of the modern scholars who also see Canada as a more British- or European-type conservative society stress that the noblesse-oblige communitarian values inherent in monarchically rooted Tory conservatism give rise in the modern world to support for social-democratic redistribution and welfare policies. Other analysts, while agreeing that Canadian values and behavior are different from American ones, point to the need to consider also the causal impact of variations in the ecology, demography, and economy of the two nations.

Canada controls an area that, though larger than the United States, is much less hospitable to human habita-

tion in terms of climate and resources. Its size and weaker population base have reinforced the Tory-statist tradition of direct government involvement in the economy, since it has been necessary to provide services for which sufficient private capital or a profitable market has not been available. In addition to greater state intervention, extensive bureaucratic organizations and less individual enterprise developed in Canada.

A comparison of the frontier experiences of the two countries encapsulates the ways in which values and structural factors have interacted to produce different outcomes. Inasmuch as Canada had to be on constant guard against the expansionist tendencies of the United States, it could not leave its frontier communities unprotected or autonomous. "It was in the established tradition of British North America that the power of the civil authority should operate well in advance of the spread of settlement."² In the United States, by contrast, the Atlantic Ocean provided an effective barrier against the major perceived threat—Britain—which helped sustain the American ideological commitment to a weak state that, until the post-World War II era, did not have to maintain extensive military forces.

Law and order in the form of the centrally controlled Northwest Mounted Police moved into the Canadian frontier before, and along with, the settlers. This contributed to a deeper respect for the institutions of law and order on the Canadian frontier than on the American frontier, thus undermining the development of individualism and disrespect for authority that has been more characteristic of the United States.

Normative national events and images, revolution and counterrevolution, continued to affect the way the two countries regarded themselves into the twentieth century. However, Canadians have not been unanimous in their view of themselves or their neighbor. One study of Canadian attitudes during the 1920s documents the ways in which such judgments varied along political lines.³ Conservatives stressed the Tory belief in the use of the state to foster noblesse-oblige objectives, and were especially deprecating about egalitarianism and democracy in the United States. They wished to maintain the British tie and even to strengthen the link to the empire. On the other hand, many Liberals were continentalists, adhering to traditions that were closer to those of the Americans. At the same time, leftists, then as later, worried about an American takeover of Canada. The radicals tended to be more nationalistic in their sentiments. Similar divisions are observable today.

Values and structures do change. Canada and the United States have followed the general tendencies in most Western nations toward a greater acceptance of communitarian welfare and egalitarian standards, a decline in religious commitment, an increase in educational attainment, a greater role for government, and a shift in the composition of the economy from primary and secondary industries toward tertiary service and

¹William A. Stahl, "May He Have Dominion . . .": Civil Religion and the Legitimation of Canadian Confederation" (Luther College, University of Regina, 1986), p. 4.

²Edgar W. McInnis, *The Unguarded Frontier: A History of American-Canadian Relations* (Garden City, N.J.: Doubleday, Doran, 1942), pp. 306–307.

³John Charles Weaver, "Imperilled Dreams: Canadian Opposition to the American Empire, 1918–1930" (Ph.D. dissertation, Duke University, 1973).

high-tech and information-based ones, as well as population movement from rural to urban areas. These structural changes, along with the diffusion of values through rapid transportation and almost instantaneous communication, seem to be producing a common Western culture. Yet many national differences persist, some in weaker form while others emerge, as the discussion that follows will illustrate. As Richard Gwyn has stated, Canadians have become

a quite distinct kind of North American. . . . utterly unlike [those in the United States] in their political cultures so that they are as distinct from each other as are the Germans from the French, say, even though both are Europeans just as Canadians and Americans are both North Americans.⁴

LAW AND DEVIANCE

Many of the efforts to distinguish Canada and the United States have emphasized the greater respect for law, and for those who uphold it, north of the border. These variations are linked to the historical emphasis on the rights and obligations of the community as compared to those of the individual. The concern of Canada's Fathers of Confederation with "Peace, Order, and Good Government" implies control of, and protection for, the society. The parallel stress by America's Founding Fathers on "Life, Liberty, and the Pursuit of Happiness" suggests upholding the rights of the individual. The American commitment to personal rights, including those of political dissidents and people accused of crimes, is inherent in the "due process" model, which involves various legal inhibitions on the power of the police and prosecutors. The "crime control" model, more evident in Canada and Europe, emphasizes the maintenance of law and order, and is less protective of the rights of the accused and of individuals generally.

The lesser respect for the law and for the rules of the game in the United States may be viewed as inherent in a system in which egalitarianism is strongly valued and in which diffuse elitism is lacking. Generalized deference is not accorded to those at the top in the United States; therefore there is a greater propensity to redefine or ignore the rules. While Canadians incline toward the use of lawful and institutionalized means for altering regulations that they believe are unjust, Americans seem

more disposed to employ informal and often extralegal means to correct what they perceive as wrong.

The greater lawlessness and corruption in the United States may also be attributed in part to a greater emphasis on achievement. As Robert Merton has noted, achievement orientation means that the "moral mandate to achieve success thus exerts pressure to succeed, by fair means if possible and by foul means if necessary."⁵ This suggests that, since Americans are more likely than their Canadian neighbors to be concerned with the achievement of ends—particularly pecuniary success—they will be less concerned with the use of the socially appropriate means. Hence we should expect a higher incidence of deviations from conventional norms south of the forty-ninth parallel.

That Canadians and Americans vary in this way is demonstrated strikingly in the aggregate differences between the two with respect to crime rates for major offenses. Americans are much more prone than Canadians to commit violent offenses such as murder, robbery, and rape, and to be arrested for the use of serious illegal drugs such as opiates and cocaine. For example, in 1987, the murder rate for Canada was 2.5 per 100,000 population; for the United States it was 8.3. The United States not only has a much higher rate of homicide than Canada but it also has a considerably higher level of political violence. Data reported in the 1983 *World Handbook of Political and Social Indicators* show that Canadians were much less likely than Americans to engage in protest demonstrations or riots between 1948 and 1977. Although the American population outnumbers the Canadian by about 10 to 1, the ratios for political protest activities have been from 2 to 4 times as large, that is, ranging from 20 to 1 to 40 to 1.

The lower rates of crime and violence in Canada are accompanied by greater respect for police and a higher level of support for gun-control legislation. In the early 1980s, comparative value surveys conducted by Gallup found more Canadians (86 percent) than Americans (76 percent) voicing a great deal of confidence in the police. Variations in attitudes toward the legal system were similar: 63 percent of Canadians had positive feelings about it, compared to 51 percent of Americans. On this question, however, Canadian francophones revealed more confidence (72 percent) than anglophones (59 percent).⁶

In the United States, gun ownership has been regarded as a right linked to a constitutional guarantee established to protect citizens against the state. Canadian policy has been more restrictive, based on the belief that "ownership of offensive weapons or guns is a privilege, not a right" Gallup surveys conducted in 1975 showed 83 percent of Canadians indicating support for "a law which would require a person to obtain a police permit before he or she could buy a gun," compared to 67 percent of Americans. Canadian gun laws were tightened considerably in 1976 and 1991. Handgun permits

⁴Richard Gwyn, *The 49th Paradox: Canada in North America* (Toronto: McClelland and Stewart, 1985), p. 11.

⁵Robert K. Merton, *Social Theory and Social Structure* (Glencoe, Ill.: The Free Press, 1957), p. 169.

⁶For details on this and other opinion surveys cited in this article, see Seymour Martin Lipset, *Continental Divide: The Values and Institutions of the United States and Canada* (New York: Routledge, 1990).

are issued only "after an investigation to determine the crime-free status and sanity of the applicant." A representative of the Canadian Justice Department noted in 1986 that, "It is almost impossible to get a permit to carry a handgun."

THE ECONOMY

Canada and the United States have been among the wealthiest and most productive nations in the world during this century. As of 1986, in terms of purchasing-power parities, per capita gross domestic product (GDP) for the United States was US\$17,360, while Canada was second among Organization for Economic Cooperation and Development (OECD) countries at US\$15,910. Not surprisingly, analyses of the varying levels of economic success in Canada and the United States can be distinguished by considering whether each of the two countries stresses structural or cultural factors.

The structural explanation of North American affluence emphasizes the advantages possessed by settlers occupying a continent open to development, with enormous agricultural, animal, and mineral resources. In this shared context, the greater size of the American market has given business in the United States a considerable advantage compared to that in Canada. Canada has thus needed government capital and other assistance to establish and maintain the services and industries necessary for survival in a large country with a relatively small population.

The cultural interpretation, by contrast, points to the congruence noted by Max Weber between the Protestant sectarian and capitalist ethos, reflected in the presence of a more hardworking, capital-maximizing population south of the border. Canada has been less Protestant sectarian than America has and, consistent with the Weber thesis, has developed more slowly. The Weberian logic also suggests that Quebec and the American South were economically less advanced because of Catholicism and slavery, and because of the impact of these systems on values and structures.

The distinctive nature of Canadian society has affected the way its citizens have done business. In analyzing the basis of "a dynamic free enterprise culture," Herschel Hardin argues that

Greed and hard work and ambition are not enough. . . . It was. . . rough egalitarianism,

⁷Herschel Hardin, *A Nation Unaware: The Canadian Economic Culture* (Vancouver: J. J. Douglas, 1974), p. 62.

⁸See Seymour Martin Lipset and William Schneider, *The Confidence Gap: Business, Labor, and Government in the Public Mind* (Baltimore: Johns Hopkins University Press, 1987), pp. 123–125.

⁹Kenneth M. Glazier, "Canadian Investment in the United States: 'Putting Your Money Where Your Mouth Is,'" *Journal of Contemporary Business*, Autumn 1972, p. 61.

practical education. . . and the relentless psychic push to keep up in the "Lockean race" that made the exceptional United States go.

But to expect that [in Canada], out of a French Canada tied to its clerical, feudal past, and out of an English-speaking Canada which, although it inherited much of the spirit of liberal capitalism, was nevertheless an elitist, conservative, defensive colony—to expect it without an intense, ideological revolution—was to dream a derivative impossibility.⁷

As a result, according to Hardin, Canadian entrepreneurs have frequently been less aggressive, less innovative, and less likely to take risks than American ones.

As others have noted, economic development requires capital investment, but Canadians have not accepted the risk involved in making investments. Thus, in 1981, investment in stocks amounted to 0.9 percent of GDP in the United States; the comparable figure for Canada was 0.2 percent. Similarly, in 1985, 20 percent of adult Americans were stockholders, compared to 13 percent of adult Canadians in 1986. Consistent with these findings, the Science Council of Canada has noted that Canadians tend to be savers. As of 1982, the personal savings rate in Canada was 13.7 percent, while in America it was 6.5 percent.

Taking into consideration the ratios of the two populations (10 to 1) and per capita gross national products (GNP) (12 to 1), we can conclude that Canadians invest much more money south of the border than Americans send north, a tendency that has grown greatly over time. Whereas in the early 1970s the ratio in absolute terms of American investment in the north to Canadian investment in the south was on the order of 5 to 1, as of 1985 it was 3 to 2, and it reached parity or above by the end of the decade.⁸ Kenneth Glazier seeks to explain the phenomenon:

One reason is that Canadians traditionally have been conservative, exhibiting an inferiority complex about their own destiny as a nation and about the potential of their country. . . . President A. H. Ross of Western Decalta Petroleum Ltd., Calgary, in a recent annual report, said that most of Western Decalta's exploration funds are "from foreign sources because the company has not been able to find enough risk capital in Canada."⁹

Glazier thus argues that because Canadians have invested in "sure" companies in the United States, Canada has suffered not just from a labor drain and a brain drain, but from a considerable capital drain as well.

Data drawn from opinion polls reinforce these comparative observations about the greater economic prudence of Canadians. This characteristic is reflected, for

example, in responses to the question, "If you needed to make a major purchase in the next month, how willing would you be to make that purchase using credit?" which was asked in a 1987 survey conducted by Decima and Cambridge Research Incorporated (CRI). Forty-five percent of Americans replied that they would be "very willing" (15 percent were "willing") to use credit, as compared to 34 percent of Canadians (8 percent were "willing"). These differences go back at least to the late 1960s.

Canadians are somewhat more hostile than Americans to private enterprise. Such sentiments are apparent in responses to surveys conducted in the early 1980s. When asked to react to the statement, "Corporations benefit owners at the expense of workers and consumers," 67 percent of Canadians agreed, compared to 58 percent of Americans. Almost half the Americans, 45 percent, compared to 36 percent of their northern neighbors, strongly disagreed with the opinion, "It is possible for a modern society to run effectively without the profit motive." Canadians were more likely to agree that "one of the main reasons for poverty is that the economy is based on private ownership and profits"; 52 percent concurred as opposed to 47 percent of Americans. But this difference is largely the result of Quebec attitudes: 56 percent of Quebec residents agreed, compared to 49 percent of English Canadians.

These national variations are reflected in institutions as well as in attitudes. The Fifth Amendment to the United States Constitution not only protects accused persons against self-incrimination, but it and the Fourteenth Amendment provide that persons may not be deprived of "property without due process of law." Hence property holders have a right to be compensated for government action on the federal or state level that reduces property values or expropriates property. No corresponding rights exist in Canada, whether in the 1967 or 1982 constitutions.

The other side of the coin, with respect to the cross-national differences in dealing with the private sector and in economic behavior, is that Canadians have been much more disposed than Americans to call on the state to handle economic and other matters.

¹⁰Michael A. Goldberg and John Mercer, *The Myth of the North American City: Continentalism Challenged* (Vancouver: University of British Columbia Press, 1986), p. 85.

¹¹John Mercer and Michael A. Goldberg, "Value Differences and Their Meaning for Urban Development in the U.S.A.," UBC Research in Land Economics, Working Paper no. 12 (Vancouver: Faculty of Commerce, University of British Columbia, 1982), p. 22.

¹²Keith G. Banting, "Images of the Modern State: An Introduction," in Banting, ed., *State and Society: Canada in Comparative Perspective* (Toronto: University of Toronto Press, 1986), pp. 3-4.

¹³Robert Kudrle and Theodore R. Marmor, "The Development of Welfare States in North America," in Peter Flora and Arnold J. Heidenheimer, eds., *The Development of Welfare States in Europe and America* (New Brunswick, N.J.: Transaction Books, 1981), pp. 110-111.

THE ROLE OF GOVERNMENT

The Tory orientation and the smaller population relative to the landmass north of the border have meant a larger role for the state in the Canadian economy since confederation. As of 1982, the proportion of Canadian GNP in government hands was 47.3 percent, compared to 38 percent in the United States. Measured relative to either GDP or GNP, government spending in Canada is 24.4 percent greater than in the United States.¹⁰ If defense spending—roughly 2 percent for Canada and 5 to 6 percent for the United States—is subtracted, the gap between the two countries is considerably wider.

While there is some government ownership of industry in both countries, it is much more common in Canada. The magnitude of government involvement in the Canadian economy in 1982 was summed up by two University of British Columbia economists:

Of 400 top industrial firms, 25 were controlled by the federal or provincial governments. Of the top 50 industrialists, all ranked by sales, 7 were either wholly owned or controlled by the federal or provincial governments. For financial institutions, 9 of the top 25 were federally or provincially owned or controlled. . . .¹¹

Although most European states are more involved in economic activities than Canada, the latter "does appear to represent a midpoint between the European and American patterns. . . both in the provision of subsidies to the private sector and in the scope of public enterprise."¹² While below the norm for OECD countries, Canadian subsidies to business and employment in public enterprise were five times the level of those in the United States during the 1970s.

Similar variations occur with respect to welfare policies. A detailed comparative analysis of the development of the welfare state in both countries by Robert Kudrle and Theodore Marmor concludes that specific welfare policies have generally been adopted earlier in Canada, and tend to be "more advanced in terms of program development, coverage, and benefits." Seeking to account for these variations, Kudrle and Marmor stress the "ideological difference. . . between Canada and the United States" that "appears to have made a considerable difference in welfare state development. . . . Provincial-federal bargaining mechanisms have often allowed steadier and more advanced policy development once initial jurisdictional problems have been overcome."¹³

Other studies provide further evidence of the greater propensity of Canadians to favor a strong role for government. From 1978 to 1979, surveys conducted in the United States and Canada asked respondents to locate themselves on a 7-point scale running from "Government should see to a job and a good standard of living," to "[Government] should let each person get ahead on his own." Not surprisingly, Canadians were much more likely to choose the government-action position, Americans the individualis-

tic response. Fifty-one percent of the latter opted for the three "let-each-person-get-ahead" scale positions, in contrast to 38 percent of their northern neighbors. In 1986, Decima in Canada and CRI in the United States asked respondents to place themselves on an 11-point scale in reaction to the statement, "The best government is the one which governs the least." As might be expected, those north of the border were much more prone, by 23 to 13 percent, to "totally disagree." Those who indicated any level of disagreement were more likely to be Canadian than American, by 42 to 31 percent.

UNDERSTANDING THE DIFFERENCES

There can be little doubt that, regardless of how much emphasis is placed on structural or cultural (value) factors in accounting for variations, Canada and the United States continue to differ considerably along most of the dimensions suggested in my previous work. Several critics of the cultural approach have contended that the differences between the two nations have largely been a function of "cultural lag"; that Canada, traditionally somewhat less developed economically than the United States, has been slower to give up the values and lifestyles characteristic of a less industrialized, more agrarian society. Presumably, then, as the structural gap declines, Canada should become more like the United States. This trend should be strengthened by the fact that the "American connection" has resulted in increased domination by American companies over broad sections of Canadian economic life, and that Canada has also become more culturally dependent on the United States through the spread of the American mass media.

However, significant variations remain across the border with respect to a broad range of societal conditions. The United States has grown more centralized politically, while Canada has moved in the opposite direction. In related fashion, similar lines of political cleavage increasingly cut across all sections south of the border; in the north, regional diversity has increased. Behavioral indicators of Canadian and American economic cultures, with respect to rates of savings or the use of credit, suggest greater, rather than less, variation across the border. Differences in class organizational behavior in the two countries, reflected in rates of trade-union membership, have also grown greatly, as have variations in the national party systems with the growing popularity of the social-democratic New Democratic party, which, as of the end of 1991, had won control of three provinces: British Columbia, Ontario, and Saskatchewan.

Crossnational differences have narrowed in other respects. The due-process rights of the accused are now much stronger in Canada as a result of constitutional changes, but a greater Canadian adherence to the crime-

control model nonetheless persists. Furthermore, the large differences in rates of violent crimes have continued. Canada's increased concern with extending equality of opportunity has also helped to make the two societies somewhat more alike with respect to the scope of their educational systems and opportunities to join the elite. Both countries have witnessed an ethnic revival, an increase in particularistic demands by minorities, contributing to a greater acceptance of multiculturalism. The United States, however, continues to be more universalistic in this respect than its neighbor.

Survey data and impressionistic literature continue to support the thesis that Canadian society is more elitist than that in the United States, although less so than two decades ago. But at the same time, the evidence and logic of analysis suggest that Canadians have grown more supportive than Americans of redistributive equalitarianism. Canadian political parties, including the governing Conservatives, remain committed to an activist welfare state; American parties, particularly the Republicans, have returned to advocacy of a weaker state, one that is less involved in redistributive welfare programs.

Cultural and political differences occasionally cause the two countries some difficulty in understanding each other in the international arena. There are the obvious effects of variations in size, power, and awareness of the other. Canadians object to being taken for granted and to being ignored by their neighbor. As citizens of a less populous power, they sympathize with small or weak countries that are in conflict with the United States. But beyond the consequences of variations in national power and interests, Canadians and Americans have a somewhat different *weltanschauung*, or world view. Because of their revolutionary and sectarian Protestant heritages, Americans more than other Western people tend to view international politics in nonnegotiable moralistic and ideological terms. Canadians, like Europeans, are more disposed to perceive foreign policy conflicts as reflections of interest differences, and therefore subject to negotiation and compromise.

Some may argue that I have overemphasized the cultural differences between these two North American democracies, particularly between anglophone Canada and the United States. They may properly point out that the two countries are quite similar to each other when compared to European or other nations. I would not question such a judgment. This is, however, an effort at a detailed comparison of two closely linked neighbors, not of crosscultural variations on a broad, international scale. As Marcus Cunliffe has noted, "narrow comparison brings out dissimilarities, and broad comparison brings out similarities."¹⁴

The United States and Canada remain two countries formed according to different organizing principles. Although some will disagree, there can be no argument. As Canadian novelist Margaret Atwood concludes, "Americans and Canadians are not the same; they are the products of two very different histories, two very different situations."¹⁵

¹⁴Marcus Cunliffe, "New World, Old World: The Historical Antithesis," in Richard Rose, ed., *Lessons from America* (London: Macmillan, 1974), p. 45.

¹⁵Margaret Atwood, *Second Words: Selected Critical Prose* (Toronto: House of Anansi Press, 1982), p. 392.

BOOK REVIEWS

ON CANADA

A Meech Lake Post-Mortem: Is Quebec Sovereignty Inevitable?

By Pierre Fournier. Translated by Sheila Fischman.
Montreal and Kingston: McGill-Queen's University Press,
1991. 154 pp., \$29.95, cloth; \$14.95, paper.

Toward a Canada-Quebec Union

By Philip Resnick. Montreal and Kingston: McGill-
Queen's University Press, 1991. 119 pp., \$29.95, cloth;
\$14.95, paper.

Pierre Fournier and Philip Resnick are political scientists from opposite sides of Canada, both geographically and otherwise. Reading their books together is to take a trip down the rift between French Quebec and English Canada.

According to Fournier, the Meech Lake Accord would neither have renewed Canadian federalism nor granted special status to the province of Quebec. Fournier follows the twists and turns of the pact from its beginnings in the constitutional conflict of 1982 to what he sees as an eleventh-hour sell-out of an already compromised compromise—"From Mayhem to Psychodrama," as a chapter title puts it. (Fournier's chronicle will not be easy to follow for those unfamiliar with the events, but his outrage makes it lively reading.) For Fournier, the accord's failure in 1990 was a symptom of "profoundly anti-francophone" tendencies and of nascent English-Canadian nationalism released by the free-trade debate.

Quebec, Fournier observes, is "perceived increasingly as a straitjacket that is keeping Canada from realizing its legitimate aspirations." He believes that support for the French language and culture in the rest of Canada is eroding at the same time that Quebec business is gaining muscle. Sovereignty for Quebec seems a natural solution, and the professor from Montreal declares himself for it—along with some kind of economic association with Canada.

Resnick, a professor of political science at the University of British Columbia, moves from a discussion of the Meech Lake Accord—which he dismisses as "blackmail" practiced by high-handed leaders on a nation fearful of falling apart—to characterizations of Canada's "two sociological nations" and then on to his grand plan for a Canadian Union. Resnick argues that it was desire for a strong central government rather than anti-Quebec sentiment that defeated the Meech Lake Accord, but all that water over the dam means that federation of any variety is a lost cause in Canada.

While apparently not insensitive to the claims of Quebec's people, Resnick declares that "Quebec's survival [after separation] is its own affair. . . . [H]ard bargaining and self-interest [are] the only language that Quebec's elites. . .

understand." He says Quebec may want to reconsider a complete break from English Canada because of what he terms "the American danger"—the threat of creeping co-optation by the United States.

If this makes Resnick sound like a crank, he isn't. He goes on to outline a plan that might work: dual governments and constitutions for Quebec and English Canada under a Canadian confederation, sanctioned at various points by democratic vote. He details political reforms for the new, now monolingual, Québec-less state—key among them changes in the Senate that would give the discontented western provinces a greater voice in government. Resnick cites the international trend away from the nation-state toward a looser kind of political unit; people, he observes, have seen "what a hangover unrestrained nationalism can produce."

These are well-written and often well-reasoned works, but they are also extremely partisan. Former Prime Minister Pierre Trudeau is Fournier's principal villain; Fournier calls Meech Lake Trudeau's "poisoned gift." Newfoundland premier Clyde Wells and Jean Chrétien, leader of the federal Liberal party, are viewed as Trudeau's accomplices in keeping Quebec down; "the triumphant embraces of Wells, Trudeau and Chrétien," Fournier declaims, "were profoundly indecent and should remain fixed forever in the collective memory of the Québécois." Resnick is more all-encompassing in his scorn for what he sees as Canada's elitist political establishment, although more judicious in general; he blasts "the political chorus line from the Folies Bergères that has had Quebec in its grip" and decries "the intellectual and moral bankruptcy of what passes for a government in Ottawa and in a good number of the provinces."

The failure of Meech Lake must lead to a new political beginning, Resnick emphasizes throughout his book, and Fournier, from his side of Canada, agrees.

Alice H. G. Phillips

Continental Divide: The Values and Institutions of the United States and Canada

By Seymour Martin Lipset. New York: Routledge, 1991.
337 pp., \$15.95, paper.

If Canada and the United States appear similar when viewed from afar, it is much less the case when they are examined up close. Lipset's *Continental Divide* looks at the dissimilarities between the cultures of the two countries, offering a fascinating account of how they both developed out of the American Revolution, and the different paths they have pursued. Conservative in tone yet balanced in its approach, *Continental Divide* enthusiastically dissects the cultural landscapes of North America's two largest countries.

W.W.F. ■

THE MONTH IN REVIEW

OCTOBER 1991

INTERNATIONAL

Antarctic Treaty

Oct. 4—In Madrid representatives from 24 countries, including the Soviet Union and the US, sign a protocol to the 1959 Antarctic Treaty banning oil and mineral exploration in Antarctica for 50 years.

European Community (EC)

(See also *Intl, Middle East Peace Conference; US, Foreign Policy; Yugoslavia*)

Oct. 7—In Luxembourg EC finance ministers announce that they will provide the Soviet Union with \$1.5 billion in credits to help the Soviet government stave off a projected winter food shortage.

Oct. 16—In a letter to other European leaders, German Chancellor Helmut Kohl and French President François Mitterrand call for the creation of a European army and a joint European security policy; they say they will enlarge an existing Franco-German brigade from 5,000 to about 40,000 troops, and suggest that other EC countries send units to the force.

Oct. 22—In Luxembourg representatives of the EC and the member countries of the European Free Trade Association—Austria, Finland, Iceland, Liechtenstein, Norway, Sweden, and Switzerland—agree to form the European Economic Area, a common market of 380 million consumers in 19 countries; each country's legislature must ratify the accord.

Oct. 31—At a conference in Berlin, the 12 EC interior ministers and representatives from Austria, Switzerland, the Ukraine, and 12 eastern European countries agree on measures to reduce illegal east-west immigration in Europe, including standardized border controls and mobile border patrols.

European Free Trade Association

(See *Intl, EC*)

Group of Seven

Oct. 13—After 2 days of meetings in Bangkok with a Soviet delegation headed by economist Grigory Yavlinsky, the world's 7 leading industrial countries announce that they will help the Soviet Union develop an economic restructuring plan; they offer no new aid and say the Soviet Union must honor its Western debts, estimated at \$70 billion.

Gulf Cooperation Council (GCC)

(See *Intl, Middle East Peace Conference*)

International Monetary Fund (IMF)

(See *USSR*)

International Terrorism

Oct. 22—American hostage Jesse Turner, who was kidnapped in Beirut in 1987 by the pro-Iranian group Islamic Holy War, is released to Syrian security forces in Lebanon.

Middle East Peace Conference

(See also *Syria*)

Oct. 30—At the Royal Palace in Madrid, delegates from Egypt, Israel, Jordan, Lebanon, Syria, and the Palestinians, and observers from the Gulf Cooperation Council and the EC attend the opening session of a Middle East peace conference cosponsored by the US and the Soviet Union; this is the 1st time Israel has met for direct negotiations with all the surrounding Arab countries. US President George Bush delivers a speech defining the conference's goal as "a just, lasting, and comprehensive settlement" of conflict in the Middle East.

Oct. 31—Delegates hear speeches by Prime Minister Yitzhak Shamir, who heads the Israeli delegation; Haidar Abdel-Shafi, the chief Palestinian delegate; and Foreign Minister Farouk al-Sharaa, leader of the Syrian delegates. Shamir says the bilateral negotiations scheduled to follow the conference's opening should pursue peace treaties between Israel and neighboring countries and an agreement on interim self-government for the Palestinians.

In his opening remarks, Abdel-Shafi acknowledges the leadership of the Palestine Liberation Organization (PLO) without naming the group and demands that Israel stop building settlements in the territories it holds under occupation; he says Palestinians would be willing to accept limited autonomy as the 1st step toward the creation of a Palestinian homeland with Jerusalem as its capital. Al-Sharaa says it is "imperative for Israel to withdraw from every inch" of the occupied territories.

North Atlantic Treaty Organization (NATO)

(See also *Intl, EC; US, Foreign Policy*)

Oct. 17—NATO defense ministers meeting in Taormina, Sicily, announce that the alliance will destroy 700 of its 1,400 nuclear warheads in Europe.

Organization of American States (OAS)

Oct. 2—At an emergency meeting in Washington, D.C., representatives from the 34 member countries of the OAS adopt a resolution urging their governments not to recognize the junta that deposed Haitian President Jean-Bertrand Aristide on September 30, and to suspend all dealings with Haiti.

Oct. 8—The OAS declares a trade embargo against the Haiti.

Palestine Liberation Organization (PLO)

(See *Intl, Middle East Peace Conference*)

United Nations (UN)

(See also *Cambodia*)

Oct. 11—The Security Council unanimously approves a plan that requires extensive reporting by Iraq on research with military applications and mandates intrusive verification; the plan is designed to prevent Iraq from acquiring or rebuilding nuclear, chemical, or biological weapons.

AUSTRIA(See *Intl, EC*)**BANGLADESH**

Oct. 8—The parliament elects its speaker, Abdur Rahman Biswas, president.

BELGIUM(See *Zaire*)**BRUNEI**(See *US, Political Scandal*)**BULGARIA**

Oct. 16—Results of parliamentary elections held on October 13 are announced: the opposition coalition, the Union of Democratic Forces, won 34.4% of the vote, the former Communists 33.8%, and the Turkish Movement for Rights and Freedoms 7%.

CAMBODIA

Oct. 18—Ending an extraordinary 2-day congress in Phnom Penh, the Kampuchean People's Revolutionary party (Communist party) adopts a party platform calling for the establishment of a democratic multiparty political system, a free-market economy, freedom of expression and assembly, and the abandonment of Marxist-Leninist ideology; the congress elects Chea Sim to replace Heng Samrin as party president and renames the party the Cambodian People's party.

Oct. 23—In Paris, Prime Minister Hun Sen and the leaders of the 3 competing Cambodian factions—Kieu Samphan of the Khmer Rouge, Son Sann of the Khmer People's Liberation Front, and Prince Norodom Sihanouk—sign a peace treaty brokered by the US, the Soviet Union, and China; the agreement calls for an immediate cease-fire in Cambodia's 21-year civil war and establishes as a transitional government a 12-member Supreme National Council (SNC) to be headed by Sihanouk. The UN will share power with the SNC until democratic elections are held to ensure that the treaty is respected. By mid-1993 all rival armies are to disband and elections are to take place. The Khmer Rouge, which has 2 representatives on the SNC, will be permitted to participate in the elections.

Oct. 30—The government says it has freed 442 political prisoners this month in accordance with the peace treaty. The government had promised to release all political prisoners after the peace treaty was signed.

CANADA

Oct. 22—Results of provincial parliamentary elections held yesterday show that the New Democratic party (NDP) has won a majority in Saskatchewan; on October 17, the NDP won provincial elections in British Columbia. Michael Harcourt becomes premier in British Columbia; in Saskatchewan, Roy Romanov becomes premier.

CHINA(See also *Cambodia*)

Oct. 26—New China News Agency reports that 35 drug dealers have been sentenced to death and executed in Kunming, Yunnan province; about 40,000 people attended the public

sentencings and executions. Similar public sentencings and executions were held simultaneously in 15 other towns in the province.

COLOMBIA

Oct. 27—In elections held today the ruling Liberal party wins 57 of the 102 Senate seats and 86 of the 161 seats in the Chamber of Deputies, the lower house of parliament, as well as 15 of 27 governorships contested; the M-19 Democratic Alliance wins 9 Senate seats, 15 seats in the Chamber of Deputies, and 2 governorships. Only one-third of those eligible vote.

EGYPT(See *Intl, Middle East Peace Conference*)**EL SALVADOR**

Oct. 3—Salvadoran armed forces launch air and artillery attacks on territory held by the Farabundo Marti National Liberation Front (FMLN). The army says the attacks are in response to actions by the FMLN guerrillas; the government and the guerrillas signed a peace treaty last month that did not include a cease-fire accord.

ESTONIA(See *USSR*)**FINLAND**(See *Intl, EC*)**FRANCE**(See *Intl, EC; Zaire*)**GERMANY**(See *Intl, EC*)**HAITI**(See also *Intl, OAS; US, Foreign Policy*)

Oct. 2—Brigadier General Raoul Cedras, the leader of the coup that overthrew the elected government of President Jean-Bertrand Aristide on September 30, announces that the military will give decision-making authority to the National Assembly; he says the coup was a reaction to Aristide's abuses of power and to the formation of a presidential guard under Aristide's personal command. Cedras also announces that Roger Lafontant, the former leader of the Tontons Macoute paramilitary force, was killed in prison during the coup.

Oct. 7—Under pressure from the military, the National Assembly votes to declare the presidency vacant.

Oct. 8—The National Assembly appoints and then swears in Supreme Court Justice Joseph Nerette, a political centrist, as provisional president. He is scheduled to hold elections within 90 days.

ICELAND(See *Intl, EC*)**INDIA**

Oct. 3—In New Delhi, the Supreme Court ratifies an agreement between the US-based Union Carbide Corporation and the Indian government that provides \$470 million in compen-

sation for victims of a 1984 accident in Bhopal in which escaping toxic gas from a Union Carbide chemical plant killed more than 2,000.

Oct. 17—In Rudarpur in northern India, 2 bombs explode at a Hindu celebration; at least 41 are reported killed and more than 140 are injured. Police claim Sikh separatists are responsible.

IRAN

Oct. 13—The New York Times reports that Iran informed the Lebanese government yesterday that it would withdraw all 1,500 of its revolutionary guards from Lebanon; no deadline was set.

IRAQ

(See also *Intl, UN*)

Oct. 8—More than 400 people are reported killed in 4 days of fighting between Kurdish guerrillas and Iraqi troops near Sulaimaniya.

ISRAEL

(See also *Intl, Middle East Peace Conference; Syria*)

Oct. 18—Soviet Foreign Minister Boris Pankin announces in Jerusalem that the Soviet Union and Israel have restored diplomatic relations; the Soviet Union broke off relations with Israel in 1967, during the Six Day War.

Oct. 28—Near Kfar Tappuah in the occupied West Bank, Palestinian gunmen ambush a bus taking Jewish settlers to a Tel Aviv rally against territorial concessions at the Madrid Middle East peace conference; 2 people are killed and 5 are wounded.

JAPAN

Oct. 3—Ryutaro Hashimoto announces his resignation as finance minister to take responsibility for a series of recent scandals in the financial community, including the admission by several securities houses that they had improperly reimbursed clients for stock market losses.

Oct. 4—Toshiki Kaifu ends his campaign for a 2d term as prime minister after Liberal Democratic party (LDP) supporters, including former Prime Minister Noboru Takeshita, withdraw their backing. Kaifu will remain in office until his term ends on October 30.

Oct. 8—Japan announces that it will provide the Soviet Union with \$2.5 billion in emergency credits and guarantees.

Oct. 11—The LDP endorses Kiichi Miyazawa for the prime ministership when Kaifu's term ends.

Oct. 22—Japan announces that it is ending most economic sanctions against South Africa.

Oct. 27—The LDP elects Miyazawa its president; because the party holds a majority in the lower house of parliament, he will become prime minister.

KOREA, SOUTH

(See *US, Foreign Policy*)

JORDAN

(See *Intl, Middle East Peace Conference*)

LEBANON

(See *Intl, International Terrorism; Middle East Peace Conference; Iran*)

LIBERIA

Oct. 3—At the UN, Interim President Amos Sawyer says the government and the factions battling for control of Liberia have agreed to settle the country's 2-year civil war by holding internationally supervised free elections.

LIECHTENSTEIN

(See *Intl, EC*)

LITHUANIA

(See also *USSR*)

Oct. 16—Supreme Court Justice Genadijus Slauta says the government has suspended the exoneration of some people sentenced by Soviet courts for war crimes committed during World War II; he says the government has discovered that some of the exonérations were unjustified.

MYANMAR

Oct. 14—In Oslo the Nobel Committee announces that Aung San Suu Kyi, the leader of the opposition National League for Democracy who is under house arrest in Yangon, has been awarded the Nobel Peace Prize for 1991.

NIGERIA

Oct. 16—As many as 300 people are reported killed in Kano in 3 days of clashes between Muslims and Christians; the fighting began after police granted permission for a Christian revival meeting.

NORWAY

(See *Intl, EC*)

POLAND

Oct. 8—The Soviet Union agrees to withdraw its remaining 45,000 troops from Poland by the end of 1992.

Oct. 29—Results of the parliamentary elections for the Sejm, the lower house of parliament, that were held October 26 show that the Democratic Union and the Democratic Left Alliance (composed of former Communists) each won 48 seats and 12% of the vote; none of the 25 parties that won seats received more than 12% of the vote.

President Lech Walesa offers to serve concurrently as prime minister.

Oct. 30—Tadeusz Mazowiecki, the former prime minister and the leader of the Democratic Union, meets with Walesa and offers to serve as prime minister in a new government; Walesa reportedly declines the offer.

PORTUGAL

Oct. 6—In parliamentary elections, Aníbal Cavaco Silva wins a 2d 4-year term as prime minister after his Social Democratic party receives more than 50% of the vote. The Socialist party wins about 30% of the vote, and the Communist party about 8%.

ROMANIA

Oct. 2—Theodor Stolojan, who was named yesterday to replace Petre Roman as prime minister, says he will continue his predecessor's economic reform policies; Roman resigned under pressure after a strike last month by thousands of miners.

Oct. 16—Stolojan is confirmed as prime minister by the parliament and takes office.

SOUTH AFRICA

(See also *Japan*)

Oct. 23—At least 9 black commuters are killed and 36 injured when armed men attack train cars at 2 stations in Soweto; no group claims responsibility.

SWEDEN

(See also *Intl, EC*)

Oct. 3—Following last month's elections, a Conservative 4-party coalition government under Prime Minister Carl Bildt takes office; the government, with 170 of the 349 seats, does not have a majority in the parliament.

SWITZERLAND

(See *Intl, EC*)

SYRIA

(See also *Intl, International Terrorism, Middle East Peace Conference*)

Oct. 16—After 2 days of talks in Damascus between Syrian President Hafez al-Assad and US Secretary of State James Baker 3d, Syrian Foreign Minister Farouk al-Sharaa announces that Syria will attend the Middle East peace conference planned for the end of October, but that it will not participate in bilateral negotiations on regional issues until Israel agrees to give up the occupied territories.

Togo

Oct. 8—Mutinous soldiers who support former President Gnassingbé Eyadéma fail in their attempt to kidnap Prime Minister Joseph Koffigoh in Lomé; 4 people are reported killed after the military intervenes in clashes between civilian supporters and opponents of Eyadéma. This is the 3d unsuccessful coup in 1 week.

TURKEY

Oct. 21—After results of the parliamentary election held yesterday show that his center-right Motherland party won only 24% of the vote, Prime Minister Mesut Yilmaz resigns; the True Path party, led by Suleyman Demirel, received 27.3% and the Social Democratic Populist party 20.8% of the vote.

Oct. 26—For a 2d day Turkish forces attack Kurdish guerrillas in northern Iraq; the Kurds, who had fled Turkey, carried out rebel raid in southeastern Turkey 2 days ago.

UNION OF SOVIET SOCIALIST REPUBLICS (USSR)

(See also *Intl, Antarctic Treaty, EC, Group of Seven, Middle East Peace Conference; Cambodia; Israel; Japan; Poland; Yugoslavia*)

Oct. 3—Rebel national guardsmen begin withdrawing from Tbilisi, the capital of the Georgian republic, ending 1 month of armed confrontation with the republic government.

Oct. 5—In Moscow, President Mikhail Gorbachev signs an agreement with the International Monetary Fund (IMF) that grants the Soviet Union special association status with the organization; the IMF will give economic advice to the Soviet government, gather statistics, help set up a Western-style banking system, and provide technical assistance to republics requesting it.

In response to the arms reductions announced on September 27 by US President George Bush, Gorbachev announces the elimination or reduction of a range of land-, sea-, and air-based tactical weapons, and a reduction in Soviet troops, from 3.7 million to 3 million; he promises to reduce the number of strategic warheads to 5,000 within 7 years, removes from alert status all strategic bombers, suspends nuclear testing for 1 year, and proposes that both the Soviet Union and the US eliminate naval tactical weapons.

Oct. 6—After several thousand anti-Communist demonstrators in Dushanbe protest Communist efforts to regain power in Tajikistan, Rakhmon Nabiyev resigns as acting parliamentary president. Elections for president of the republic, scheduled for October 27, are delayed until November 24.

Oct. 9—The Soviet government establishes formal diplomatic relations with Lithuania and Estonia.

Oct. 17—Levon Ter-Petrosyan is elected president of Armenia, winning more than 80% of the vote.

Oct. 18—In Moscow leaders of 8 of the 12 Soviet republics sign an agreement establishing a free-market economic community. The pact, which Gorbachev has already approved, commits the signatories to a central banking system and budget, private property, and the free movement of goods and services within the community. The Ukraine, Azerbaijan, Moldavia, and Georgia do not sign the agreement.

Oct. 22—The Ukrainian parliament authorizes the creation of a 400,000-member republic army and bans Soviet military activity in the republic.

Oct. 24—The Ukrainian parliament agrees to accept continued central government control over nuclear weapons in the Ukraine, but demands joint control over their use.

Oct. 27—The Turkmenian republic parliament declares the republic's independence; in a referendum yesterday a majority of voters approved secession from the Soviet Union.

Oct. 28—Speaking before the Russian republic parliament, republic president Boris Yeltsin proposes that he assume the vacant republic prime ministership and asks the parliament for additional authority to shape the top levels of the republic's government; he suggests postponing elections scheduled for December so that the republic can concentrate on reforming the economy. Yeltsin says Russia will no longer finance some 70 Soviet ministries and agencies after November 1.

UNITED KINGDOM (UK)

Great Britain

(See *Vietnam; Zaire*)

Hong Kong

(See *Vietnam*)

UNITED STATES (US)

Administration

Oct. 16—President George Bush nominates Deputy Attorney General William Barr to succeed Dick Thornburgh, who resigned as attorney general in August to run for senator from Pennsylvania.

Oct. 23—The Federal Deposit Insurance Corporation (FDIC) sends to Congress new estimates for the shortfall in its bank-deposit insurance fund for 1992, raising the projected amount from \$3 billion to \$9.6 billion.

ECONOMIC INDICATORS October Reports

	Change from previous period	Total
Gross National Product 3d quarter	+ 0.6%	\$4.14 trillion
Merchandise Trade Deficit August <i>Highest since January</i>	+ 14.5%	\$6.8 billion
Consumer Price Index September	+ 0.4%	137.2 points
Unemployment September	- 0.1%	6.7% (8.4 million)
Leading Economic Indicators August, revised figures	unchanged	145.5 points

Foreign Policy

(See also *Intl, Antarctic Treaty, International Terrorism, Middle East Peace Conference; Cambodia; Syria; USSR*)

- Oct. 1—The State Department condemns yesterday's coup in Haiti and says the US is suspending aid to the country; the department's 1991 aid budget for Haiti is \$85.5 million.
- Oct. 18—After a North American Treaty Organization (NATO) meeting in Taormina, Sicily, Defense Secretary Dick Cheney says the US believes "very deeply" that NATO should remain the foundation for European security; his remarks are in response to an October 16 Franco-German proposal for a European army.
- Oct. 19—Bush administration officials say all US nuclear arms in South Korea will be removed; no timetable is given for their withdrawal.
- Oct. 23—Secretary of State James Baker 3d meets in Paris with Vietnamese Foreign Minister Nguyen Manh Cam; after the meeting, the US announces plans to seek normalization of relations with Vietnam.
- Oct. 29—In response to the September 30 coup in Haiti, Bush signs an executive order banning "all commercial trade" with the country beginning November 5; the US accounts for almost 75% of Haiti's trade.

Labor and Industry

(See also *India*)

- Oct. 8—In Anchorage, US District Court Judge H. Russel Holland accepts the Exxon Corporation's plea agreement and a \$1.25-billion settlement of charges against it arising from the 1989 Exxon Valdez oil spill in Prince William Sound, Alaska.

Legislation

- Oct. 1—The House and Senate approve a compromise \$6.4-billion bill that would extend unemployment benefits for up to 20 weeks for jobless workers in states with high unemployment; the House vote is 300 to 18, and the Senate, 65 to 35.
- Oct. 2—The Senate approves, 65 to 32, a compromise bill requiring companies with more than 50 employees to pro-

vide as much as 12 weeks annually of unpaid family leave for each worker.

Senators Bob Kasten (R-Wisc.) and Daniel Inouye (D-Hawaii), the cosponsors of a bill guaranteeing \$10 billion in loans to Israel for the resettlement of Soviet Jews, say they are acceding to Bush's request to delay action on the bill for 120 days.

- Oct. 3—By voice vote in the House and Senate, Congress approves a compromise bill requiring states to set policies for health-care workers infected with the human immunodeficiency virus (HIV), which causes AIDS (acquired immune deficiency syndrome), or to adopt Centers for Disease Control guidelines on transmission precautions.
- Oct. 11—The Senate Judiciary Committee begins 3 days of public hearings on allegations that Supreme Court nominee Clarence Hill sexually harassed Anita Hill, now a law professor in Oklahoma, when she worked for him at the Education Department and later at the Equal Employment Opportunity Commission, from 1981 to 1983.

Bush vetoes the unemployment benefits extension bill; this is his 23d presidential veto.

- Oct. 15—The Senate votes, 52 to 48, to confirm Thomas as an associate justice of the Supreme Court. Thomas receives more negative votes than any previous successful nominee to the Court.
- Oct. 16—The Senate falls 2 votes short on an attempted override of Bush's veto of the unemployment benefits extension bill; the vote is 65 to 35.
- Oct. 23—Voting 343 to 83, the House approves a 6-year, \$151-billion national transportation bill that would provide \$32 billion for mass transit and would set aside at least \$37.6 billion for a national intercity network of highways below the interstate level; the Senate passed a 5-year, \$123.5-billion transportation bill in June.
- Oct. 30—The Senate votes, 95 to 5, to pass a compromise civil rights bill that extends plaintiffs' ability to bring lawsuits against employers and win damages from them for discrimination in hiring or promotion, but limits damages for sexual, though not racial, discrimination; the bill overturns 8 Supreme Court decisions, mostly from 1989. An amendment, passed by voice vote, extends protection against job bias to Senate staffers, most presidential appointees, and the political staff of state and local officials.

Political Scandal

- Oct. 7—In US district court in Washington, D.C., former Assistant Secretary of State Elliott Abrams pleads guilty to 2 misdemeanor counts of withholding information from Congress in 1986 on his knowledge of the Iran-contra affair and on his solicitation of a \$10-million contribution for the Nicaraguan contras from the sultan of Brunei in 1985; he agrees to cooperate with independent federal prosecutor Lawrence Walsh.

Politics

- Oct. 5—Former Minnesota Senator Eugene McCarthy, who ran for president in 4 previous elections, announces that he is a candidate for the 1992 Democratic nomination for president.

VIETNAM

(See also *US, Foreign Policy*)

- Oct. 3—The *New York Times* reports that the government has

agreed to accept the forced repatriation of tens of thousands of Vietnamese refugees in camps in Southeast Asia who have been determined to be economic migrants, not seekers of political asylum.

- Oct. 29—Vietnam and Britain sign an agreement that will lead to the forcible repatriation beginning next month of Vietnamese refugees held in detention centers in Hong Kong. The agreement authorizes Hong Kong to turn back any new illegal immigrants from Vietnam and to deport those in detention centers who cannot prove they are entitled to political asylum.

YUGOSLAVIA

- Oct. 1—Heavy fighting in Croatia between Croatian militia and rebel Serbs (aided by the federal army) continues near the Adriatic port city of Dubrovnik; a cease-fire was declared 9 days ago.
- Oct. 2—Franjo Tudjman, Croatia's president, asks the federal army for a cease-fire; he offers to halt a blockade of federal army barracks in Croatia.
- Oct. 4—The 8-member federal presidency splits into 2 factions: one, consisting of Serbia, Montenegro, and the Serbian autonomous regions of Kosovo and Vojvodina, that declares itself to have superseded the federal parliament; the other comprising Croatia, Macedonia, and Bosnia-Herzegovina.
- In negotiations under EC auspices in The Hague, Serbia and Croatia agree to an immediate cease-fire—the 6th cease-fire declared since August 7.
- Oct. 15—Tudjman and Serbian president Slobodan Milosevic meet in Moscow with Soviet President Mikhail Gorbachev; after the meeting Gorbachev announces that the 2 Yugoslav leaders have agreed to a cease-fire and will begin talks within 1 month to resolve remaining problems.

The president of Bosnia-Herzegovina, Alija Izetbegovic, declares the republic's independence after 133 members of the republic parliament approve a secession proposal; 73 Serbian members of the parliament walked out before the vote, and 15 members abstained from voting.

- Oct. 17—Federal army troops begin a large-scale offensive against several towns in Croatia; thousands of residents are forced to evacuate.
- Oct. 18—Milosevic rejects a draft settlement offered by the EC-sponsored peace conference in The Hague because it loosens central government control; Tudjman calls the proposal acceptable if Serbian troops withdraw from areas claimed by Croatia.
- Oct. 24—Federal army and naval troops drive Croatian forces from a village southeast of Dubrovnik and attack the coastal village of Kupari. Dubrovnik is surrounded by Serbian forces and has been without electricity for 3 weeks.
- Oct. 25—Croatian and federal army officials agree to a truce to allow for voluntary evacuation of Dubrovnik.

ZAIRE

- Oct. 10—In Kinshasa demonstrators demand the resignation of the government of President Mobutu Sese Seko; soldiers suppress the protests. Mobutu and Prime Minister Etienne Tshisekedi continue their efforts to form a coalition government, but disagree on who should control the army and the Defense Ministry.
- Oct. 14—Mobutu agrees to an opposition-led Cabinet, ending

his monopoly on power; his supporters retain control of foreign affairs, defense, and the mining industry.

- Oct. 20—Mobutu dismisses Tshisekedi as prime minister, saying he named him "against [his] better judgment" under pressure from the West, and calls on opposition parties to name another candidate. Tshisekedi refuses to recognize Mobutu's action.
- Oct. 21—Outside the prime minister's office in Kinshasa, 15,000 demonstrators protest Tshisekedi's dismissal.
- Oct. 22—For a 2d day, disgruntled soldiers loot stores and homes in Lubumbashi to protest Mobutu's refusal to accept Tshisekedi as prime minister.
- Oct. 23—Mobutu appoints Bernardin Mungul-Diaka prime minister; Mungul-Diaka is the leader of a small party, the Rally of Democratic Republicans, that is part of the Sacred Union opposition alliance.
- Belgian troops evacuate several hundred foreign nationals from Lubumbashi; the troops were sent to Zaire after looting in Kinshasa last month.
- Oct. 25—Western governments, including those of France, Belgium, and Britain, advise foreign nationals to leave Zaire because of continued violence and looting. France says it is ending aid to the country and will withdraw its 150 troops as soon as all French nationals are evacuated.
- Oct. 28—Looting and sporadic violence continue in and around Kinshasa. Mobutu meets in the capital with leaders of the Sacred Union coalition; he refuses to reappoint Tshisekedi.
- Oct. 30—Mungul-Diaka names a 34-member Cabinet; 40% of the Cabinet members belong to the Sacred Union. ■

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CURRENT HISTORY INDEX

JANUARY-DECEMBER 1991
VOLUME 90, NUMBERS 552-560

SUBJECTS

AFRICA

Africa, May, entire issue;
Africa, map, May, inside back cover;
Building Democracy in Africa, May, 209;
The Challenge to the United States in Africa, May, 193;
The Horn of Africa: From Chaos, Political Renewal? May, 221;
Mozambique's Search for Stability, May, 217;
Namibia's First Year of Independence, May, 213;
Nigeria's Third Quest for Democracy, May, 201;
The Politics of Dissent in Kenya, May, 205;
Principal Railways of Southern Africa, map, May, 219;
South Africa: Old Myths and New Realities, May, 197;
South Africa's Apartheid Legislation, chart, May, 198.

ARGENTINA

Argentina's Economic Reform, Feb., 57.

BOLIVIA

Bolivia: The Politics of Cocaine, Feb., 65.

BOOK REVIEWS

Jan., 32; Feb., 76; May, 225; Sept., 280;
Oct., 345; Nov., 394; Dec., 438.

BOOKS REVIEWED

al-Khalil, Samir, *Republic of Fear: The Inside Story of Saddam's Iraq*, Jan., 33;
Amnesty International Report: 1991, Sept., 282;
An-Na'im, Abdullahi Ahmed, and Francis M. Deng, *Human Rights in Africa: Cross-Cultural Perspectives*, May, 225;
Baer, Werner, and Donald V. Coes, eds., *United States Policies and the Latin American Economies*, Feb., 76;
Berat, Lynn, *Walvis Bay: Decolonization and International Law*, May, 225;
Cannon, Lou, *President Reagan: The Role of a Lifetime*, Sept., 282;
Clements, Barbara Evans, Barbara Alpern Engle, and Christine D. Worobec, *Russia's Women: Accommodation, Resistance, Transformation*, Oct., 345-346;
Collins, Peter, ed., *Thinking about South Africa: Reason, Morality, and Politics*, May, 225;

Dietz, James L., and Dilmus D. James, *Progress toward Development in Latin America: From Prebisch to Technological Autonomy*, Feb., 77;
Fournier, Pierre, *A Meech Lake Post-Mortem: Is Quebec Sovereignty Inevitable?* Dec., 438;
Geron, Leonard, *Soviet Foreign Economic Policy under Perestroika*, Oct., 346;
Hewett, Ed A., and Victor H. Winston, *Milestones in Glasnost and Perestroika*, Oct., 346;
Hicks, George, *The Broken Mirror: China after Tiananmen*, Sept., 281;
Jones, Anthony, Walter D. Connor, and David E. Powell, *Soviet Social Problems*, Oct., 346;
Jones, Anthony, and William Moskoff, *Ko-ops: The Rebirth of Entrepreneurship in the Soviet Union*, Oct., 345;
Karsh, Efraim, *The Iran-Iraq War: Impact and Implications*, Jan., 32;
Kovrig, Bennett, *Of Walls and Bridges: The United States and Eastern Europe*, Nov., 394;
Lepgold, Joseph, *The Declining Hegemon: The United States and European Defense, 1960-1990*, Nov., 394;
Lewis, Paul H., *The Crisis of Argentine Capitalism*, Feb., 77;
Lewis, Stephen R., *The Economics of Apartheid*, May, 225;
Lipset, Seymour Martin, *Continental Divide: The Values and Institutions of the United States and Canada*, Dec., 438;
Liu Binyan, *China's Crisis, China's Hopes: Essays from an Intellectual in Exile*, Sept., 280;
Long, David E., *The Anatomy of Terrorism*, Jan., 33;
Lorenz, Joseph P., *Egypt and the Arabs: Foreign Policy and the Search for National Identity*, Jan., 32;
Miller, Judith, and Laurie Mylroie, *Saddam Hussein and the Crisis in the Gulf*, Jan., 32-33;
Moynihan, Daniel Patrick, *On the Law of Nations*, Sept., 281-282;
Mushkat, Myron, *The Economic Future of Hong Kong*, Sept., 281;
Nathan, Andrew, *China's Crisis*, Sept., 280;
Oksenberg, Michel, Lawrence R. Sullivan, and Marc Lambert, *Beijing Spring, 1989: Confrontation and Conflict, the Basic Documents*, Sept., 280;
Petras, James, and Morris Morley, *US Hegemony under Siege: Class, Politics, and Development in Latin America*, Feb., 76;

Poitras, Guy, *The Ordeal of Hegemony: The United States and Latin America*, Feb., 76-77;
Prizel, Ilya, *Latin America through Soviet Eyes: The Evolution of Soviet Perceptions during the Brezhnev Era, 1964-1982*, Feb., 77;
Rahr, Alexander, comp., *A Biographical Directory of 100 Leading Soviet Officials*, Oct., 345;
Resnick, Philip, *Toward a Canada-Quebec Union*, Dec., 438;
Richards, Alan, and John Waterbury, *A Political Economy of the Middle East: State, Class, and Economic Development*, Jan., 33;
Saich, Tony, *The Chinese People's Movement: Perspectives on Spring 1989*, Sept., 281;
Spulber, Nicolas, *Restructuring the Soviet Economy: In Search of the Market*, Oct., 345;
Staar, Richard F., *Foreign Policies of the Soviet Union*, Oct., 346;
Ullman, Richard H., *Securing Europe*, Nov., 394;
Unger, Jonathan, *The Prodemocracy Protests in China: Reports from the Provinces*, Sept., 281;
Wallace, William, *The Dynamics of European Integration*, Nov., 394;
Willmott, H. P., *The Great Crusade: A New Complete History of the Second World War*, Nov., 394;
Woodward, Bob, *The Commanders*, Sept., 282.

BRAZIL

Brazil's Catatonic Lambada, Feb., 73.

CANADA

Canada, Dec., entire issue;
Canada, map, Dec., inside back cover;
Canada and the United States: The Great Divide, Dec., 432;
Canada in the Post-Cold War World, Dec., 405;
Canada's Constitutional Crisis, Dec., 411;
Canada's Health-Care System: A Model for the United States? Dec., 422;
Canada's Role in North America, Dec., 401;
Canadian Society: Trouble in Paradise, Dec., 417;
Making the Transition to Free Trade, Dec., 428.

CENTRAL AMERICA

The Caribbean: Small Is Scary, March, 105;
 Central America and the Caribbean, map, March, inside back cover;
 Cuba in Crisis, March, 101;
 Limited Hopes and Fears in Guatemala, March, 125;
 Mexico and Central America, March, entire issue;
 Mexico Moves toward Modernization, March, 109;
 Nicaragua in Transition, March, 117;
 Panama: The United States Invasion and Its Aftermath, March, 113;
 The Persistent Conflict in El Salvador, March, 121;
 United States Policy in Central America, March, 97.

CHILE

Democracy in Chile, Feb., 53.

CHINA

China, Sept., entire issue;
 China, map, Sept., inside back cover;
 China and British Hong Kong, Sept., 270;
 Chinese Foreign Policy: The Diplomacy of Damage Control, Sept., 241;
 Chinese Youth: The Nineties Generation, Sept., 264;
 The Economy Emerges from a Rough Patch, Sept., 259;
 Fettering the Press, Sept., 255;
 Preparing for the Succession, Sept., 251;
 Science and Technology Policy: Developing a Competitive Edge, Sept., 275;
 Sino-Japanese Relations, April, 156;
 Tiananmen's Lingering Fallout on Sino-American Relations, Sept., 247.

COLOMBIA

Colombia at the Crossroads, Feb., 69.

CUBA

Cuba in Crisis, March, 101.

EL SALVADOR

The Persistent Conflict in El Salvador, March, 121.

EUROPE

Charter of Paris for a New Europe, Feb., 78;
 Eastern Europe after the Revolutions, Nov., 379;
 The End of an Era in British Politics, Nov., 363;
 The Environmental Morass in Eastern Europe, Nov., 384;
 Europe, Nov., entire issue;
 Europe, map, Nov., inside back cover;
 The European Community Faces 1992, Nov., 374;
 The European Community's Decision-Making Procedure, chart, Nov., 376;

France's Uncertain Progress toward European Union, Nov., 358;
 Germany Searches for a New Role in World Affairs, Nov., 368;
 Southern Europe's Transformation, Nov., 390;
 The United States and Europe: Redefining the Relationship, Nov., 353.

EUROPEAN COMMUNITY

The European Community Faces 1992, Nov., 374;
 The European Community's Decision-Making Procedures, chart, Nov., 376.

FRANCE

France's Uncertain Progress toward European Union, Nov., 358.

GERMANY

Germany Searches for a New Role in World Affairs, Nov., 368.

GREAT BRITAIN

China and British Hong Kong, Sept., 270;
 The End of an Era in British Politics, Nov., 363.

GUATEMALA

Limited Hopes and Fears in Guatemala, March, 125.

IRAN

Charting Iran's New Course, Jan., 21.

IRAQ

Iraq's Uncertain Future, Jan., 1.

ISRAEL

Israel: The Deadlock Persists, Jan., 14.

JAPAN

Does Energy Efficiency Explain Japan's Economic Success? April, 175;
 Japan, April, entire issue;
 Japan, map, April, inside back cover;
 Japan's Economic Dynamism, April, 172;
 Japan's Relations with North Korea, April, 164;
 Japan's Role in the Post-Cold War World, April, 145;
 The Kaifu Government Teeters On, April, 168;
 Sakhalin and the Kurile Islands, map, April, 161;
 Sino-Japanese Relations, April, 156;
 Soviet-Japanese Relations: More of the Same? April, 160;
 The United States and Japan: Building a New Relationship, April, 149;
 United States-Japanese Trade Relations, April, 152.

KENYA

The Politics of Dissent in Kenya, May, 205.

KOREA, NORTH

Japan's Relations with North Korea, April, 164.

KUWAIT

Kuwait, map, Jan., 3.

MAPS

Africa, May, inside back cover;
 Canada, Dec., inside back cover;
 Central America and the Caribbean, March, inside back cover;
 China, Sept., inside back cover;
 Europe, Nov., inside back cover;
 Japan, April, inside back cover;
 Kuwait, Jan., 3;
 The Middle East, Jan., inside back cover;
 Principal Railways of Southern Africa, May, 219;
 Sakhalin and the Kurile Islands, April, 161;
 South America, Feb., inside back cover;
 The Soviet Union, Oct., inside back cover;

MEXICO

Mexico Moves toward Modernization, March, 109.

MIDDLE EAST

Charting Iran's New Course, Jan., 21;
 Congressional Resolutions on the Use of Force in the Persian Gulf, March, 129;
 Iraq's Uncertain Future, Jan., 1;
 Islam's New Political Face, Jan., 25;
 Israel: The Deadlock Persists, Jan., 14;
 Kuwait, map, Jan., 3;
 The Middle East, Jan., entire issue;
 The Middle East, map, Jan., inside back cover;
 The Palestinians and the Gulf Crisis, Jan., 18;
 Stability in Saudi Arabia, Jan., 9;
 Syria in 1990, Jan., 29;
 United Nations Resolutions on the Persian Gulf Crisis, Feb., 79;
 The United States in the Middle East, Jan., 5.

THE MONTH IN REVIEW

Jan., 43; Feb., 91; March, 139; April, 188; May, 235; Sept., 283; Oct., 347; Nov., 395; Dec., 439.

MOZAMBIQUE

Mozambique's Search for Stability, May, 217.

NAMIBIA

Namibia's First Year of Independence, May, 213.

NICARAGUA

Nicaragua in Transition, March, 117.

NIGERIA

Nigeria's Third Quest for Democracy, May, 201.

PALESTINIANS

The Palestinians and the Gulf Crisis, Jan., 18.

PANAMA

Panama: The United States Invasion and Its Aftermath, March, 113.

PERU

Fujimori and the "Disaster" in Peru, Feb., 61.

SAUDI ARABIA

Stability in Saudi Arabia, Jan., 9.

SOUTH AFRICA

South Africa: Old Myths and New Realities, May, 197;
South Africa's Apartheid Legislation, chart, May, 198.

SOUTH AMERICA

Argentina's Economic Reform, Feb., 57;
Bolivia: The Politics of Cocaine, Feb., 65;
Brazil's Catatonic Lambada, Feb., 73;
Colombia at the Crossroads, Feb., 69;
Democracy in Chile, Feb., 53;
Fujimori and the "Disaster" in Peru, Feb., 61;
South America, Feb., entire issue;
South America, map, Feb., inside back cover;

The United States and South America: Beyond the Monroe Doctrine, Feb., 49.

SOVIET UNION

Assessing the Coup, Oct., 305;
The Bush Administration's Policy toward the Soviet Union, Oct., 311;
A Critical Time for Perestroika, Oct., 323;
Environmental Problems and Policies in the Soviet Union, Oct., 333;
The Revival of Religion, Oct., 328;
Sakhalin and the Kurile Islands, map, April, 161;
The Slide into Disunion, Oct., 338;
Soviet Foreign Policy after the Cold War, Oct., 317;
Soviet-Japanese Relations: More of the Same? April, 160;
The Soviet Union, Oct., entire issue;
The Soviet Union, map, Oct., inside back cover.

SYRIA

Syria in 1990, Jan., 29.

UNITED NATIONS

United Nations Resolutions on the Persian Gulf Crisis, Feb., 79.

UNITED STATES

The Bush Administration's Policy toward the Soviet Union, Oct., 311;

Canada and the United States: The Great Divide, Dec., 432;
Canada's Health-Care System: A Model for the United States? Dec., 422;
The Challenge to the United States in Africa, May, 193;
Panama: The United States Invasion and Its Aftermath, March, 113;
Tiananmen's Lingering Fallout on Sino-American Relations, Sept., 247;
The United States and Europe: Redefining the Relationship, Nov., 353;
The United States and Japan: Building a New Relationship, April, 149;
The United States and South America: Beyond the Monroe Doctrine, Feb., 49;
The United States in the Middle East, Jan., 5;
United States-Japanese Trade Relations, April, 152;
United States Policy in Central America, March, 97.

WORLD DOCUMENTS

Charter of Paris for a New Europe, Feb., 78;
Congressional Resolutions on the Use of Force in the Persian Gulf, March, 129;
United Nations Resolutions on the Persian Gulf Crisis, Feb., 79.

AUTHORS

AHLSTROM, RICHARD P. The European Community Faces 1992, Nov., 374.

ARNSON, CYNTHIA J. United States Policy in Central America, March, 97.

BACHMAN, DAVID Preparing for the Succession, Sept., 251.

BAKER, PAULINE H. South Africa: Old Myths and New Realities, May, 197.

BALOYRA-HERP, ENRIQUE The Persistent Conflict in El Salvador, March, 121.

BURKE, MELVIN Bolivia: The Politics of Cocaine, Feb., 65.

COHEN, STEPHEN D. United States-Japanese Trade Relations, April, 152.

CONSTABLE, PAMELA Democracy in Chile, Feb., 53.

COTTAM, RICHARD W. Charting Iran's New Course, Jan., 21.

CRONIN, JAMES E. The End of an Era in British Politics, Nov., 363.

DIAMOND, LARRY Nigeria's Third Quest for Democracy, May, 201.

DITTMAN, ALLIN Book Review, Nov., 394.

DORAN, CHARLES F. Canada's Role in North America, Dec., 401.

DOWTY, ALAN Israel: The Deadlock Persists, Jan., 14.

FENSKE, JOHN France's Uncertain Progress toward European Union, Nov., 358.

FINAN, WILLIAM W., JR. Book Reviews, Jan., 32-33; May, 225; Sept., 282; Oct., 346; Nov., 394; Dec., 438.

FORMAN, JOHANNA MENDELSON United States Policy in Central America, March, 97.

FRENCH, HILARY F. Environmental Problems and Policies in the Soviet Union, Oct., 333.

FUKUI, HARUHIRO The Kaifu Government Teeters On, April, 168.

GARTHOFF, RAYMOND L. The Bush Administration's Policy toward the Soviet Union, Oct., 311.

GARVER, JOHN W. Chinese Foreign Policy: The Diplomacy of Damage Control, Sept., 241.

GRAYSON, GEORGE S. Mexico Moves toward Modernization, March, 109.

GREENOW, LINDA Book Reviews, Feb., 76-77.

GRUNDY, KENNETH W. Namibia's First Year of Independence, May, 213.

GUNN, GILLIAN Cuba in Crisis, March, 101.

HARBESON, JOHN W. The Horn of Africa: From Chaos, Political Renewal? May, 221.

HOOPER, BEVERLEY Chinese Youth: The Nineties Generation, Sept., 264.

- HOUGH, JERRY F. Assessing the Coup, Oct., 305.
- HULL, RICHARD W. The Challenge to the United States in Africa, May, 193.
- JARNAGIN, LAURA Brazil's Catatonic Lambada, Feb., 73.
- JOCKEL, JOSEPH T. Canada in the Post-Cold War World, Dec., 405.
- KABALA, STANLEY J. The Environmental Morass in Eastern Europe, Nov., 384.
- KHALIDI, RASHID I. The Palestinians and the Gulf Crisis, Jan., 18.
- KIM, HONG NACK Japan's Relations with North Korea, April, 164.
- KNIGHT, VIRGINIA CURTIN Mozambique's Search for Stability, May, 217.
- KRAMER, MARK Soviet Foreign Policy after the Cold War, Oct., 317.
- KRAUS, JON Building Democracy in Africa, May, 209.
- KRUZE, ULDIS Sino-Japanese Relations, April, 156.
- LEPGOLD, JOSEPH The United States and Europe: Redefining the Relationship, Nov., 353.
- LIPSET, SEYMOUR MARTIN Canada and the United States: The Great Divide, Dec., 432.
- LIU BINYAN Fettering the Press, Sept., 255.
- LONG, DAVID E. Stability in Saudi Arabia, Jan., 9.
- MARMOR, THEODORE R. Canada's Health-Care System: A Model for the United States? Dec., 422.
- MARR, PHEBE Iraq's Uncertain Future, Jan., 1.
- MARTZ, JOHN D. Colombia at the Crossroads, Feb., 69.
- McCOY, JENNIFER L. Nicaragua in Transition, March, 117.
- McROBERTS, KENNETH Canada's Constitutional Crisis, Dec., 411.
- MENON, RAJÁN Soviet-Japanese Relations: More of the Same? April, 160.
- MILLETT, RICHARD L. Limited Hopes and Fears in Guatemala, March, 125.
- MORICI, PETER Making the Transition to Free Trade, Dec., 428.
- MURPHY, SEAN PATRICK Book Reviews, Nov., 394.
- NACHT, MICHAEL The United States and Japan: Building a New Relationship, April, 149.
- NAUGHTON, BARRY The Economy Emerges from a Rough Patch, Sept., 259.
- OLCOTT, MARTHA BRILL The Slide into Disunion, Oct., 338.
- OVERHOLT, WILLIAM H. China and British Hong Kong, Sept., 270.
- OZAKI, ROBERT S. Japan's Economic Dynamism, April, 172.
- PANG, EUL-SOO Brazil's Catatonic Lambada, Feb., 73.
- PHILLIPS, ALICE H. G. Book Reviews, May, 225; Sept., 281-282; Dec., 438.
- POWELL, DAVID E. The Revival of Religion, Oct., 328.
- RABINOVICH, ITAMAR Syria in 1990, Jan., 29.
- REICH, BERNARD The United States in the Middle East, Jan., 5.
- REMINGTON, ROBIN ALISON Eastern Europe after the Revolutions, Nov., 379.
- ROPP, STEVE C. Panama: The United States Invasion and Its Aftermath, March, 113.
- SATO, HIDEO Japan's Role in the Post-Cold War World, April, 145.
- SCHROEDER, GERTRUDE E. A Critical Time for Perestroika, Oct., 323.
- SCHWARTZ, MILDRED A. Canadian Society: Trouble in Paradise, Dec., 417.
- SEGAL, AARON The Caribbean: Small Is Scary, March, 105.
- SMIL, VACLAV Does Energy Efficiency Explain Japan's Economic Success? April, 175.
- SMITH, WAYNE S. The United States and South America: Beyond the Monroe Doctrine, Feb., 49.
- SOLED, DEBRA E. Book Reviews, Jan., 32, 33; Sept., 280-281; Oct., 345-346.
- STAMP, PATRICIA The Politics of Dissent in Kenya, May, 205.
- SUTTER, ROBERT G. Tiananmen's Lingering Fallout on Sino-American Relations, Sept., 247.
- SUTTMEIER, RICHARD P. Science and Technology Policy: Developing a Competitive Edge, Sept., 275.
- VALENZUELA, ARTURO Democracy in Chile, Feb., 53.
- WALKER, DAVID B. Germany Searches for a New Role in World Affairs, Nov., 368.
- WERLICH, DAVID P. Fujimori and the "Disaster" in Peru, Feb., 61.
- WIARDA, HOWARD J. Southern Europe's Transformation, Nov., 390.
- WRIGHT, ROBIN Islam's New Political Face, Jan., 25.
- WYNIA, GARY W. Argentina's Economic Reform, Feb., 57. ■

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BY ADEED DAWISHA,
GEORGE MASON UNIVERSITY
- **The Arab World after the Persian Gulf War**
BY A. R. NORTON,
UNITED STATES MILITARY ACADEMY
- **ISRAEL**
BY DON PERETZ,
STATE UNIVERSITY OF NEW YORK AT BINGHAMTON
- **The Palestinians**
BY MUHAMMAD MUSLIH,
LONG ISLAND UNIVERSITY
- **Kuwait**
BY MARY ANN TÉTREAUULT,
OLD DOMINION UNIVERSITY
- **Iraq**
BY AHMED HASHIM, MIDDLE EAST CONSULTANT
- **Egypt**
BY ALI HILLAL DESSOUKI,
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